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Canada. Statistics  
Operating results and financial  
structure independent fuel dealers.

1952-65







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CANADA

~~UNIVERSITY OF TORONTO~~  
~~DEPT. OF POLITICAL ECONOMY~~

# OPERATING RESULTS AND FINANCIAL STRUCTURE INDEPENDENT FUEL DEALERS 1952

Fuel dealers (independent); operating  
results

Canada

Published by Authority of

The Right Honourable C. D. Howe, Minister of Trade and Commerce

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## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- \*B — Operating Results of Food Wholesalers, 25¢
- \*C — Operating Results of Dry goods, Piece Goods, and Footwear Wholesalers, 25¢
- \*D — Operating Results of Miscellaneous Wholesalers, (Automotive parts and accessories, drugs, hardware, plumbing and heating equipment), 25¢

### Part II — Retail Statistics

- E — General Review, 25¢
- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- \*H — Operating Results of Chain Food Stores, 25¢
- \*I — Operating Results of Chain Clothing Stores, 25¢
- \*J — Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢
- K — Operating Results of Retail Food Stores, 25¢
- L — Operating Results of Retail Clothing Stores, 25¢
- M — Operating Results of Retail Hardware, Furniture, Appliance and Radio Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — Operating Results of Miscellaneous Retail Stores, 25¢
- P — Retail Consumer Credit, 25¢

### Part III — Service and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 25¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1952.

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Note: "Operating Results and Financial Structure Independent Fuel Dealers" was formerly contained in "Operating Results and Financial Structure Miscellaneous Retail Stores".

## DEFINITIONS

### Profit and Loss

**Net sales** — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

**Cost of goods sold** — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

**Gross profit** — the difference between "cost of goods sold" and "net sales".

**Operating expenses** — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

**Salaries and wages (except delivery)** — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

**Taxes** — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

**Insurance** — annual proportion of premiums for insurance policies carried to protect the business.

**Rent** — Payments for use of business premises.

**Heat, light and power** — cost applicable to year's operations.

**Delivery** — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

**Repairs and maintenance** — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

**Depreciation allowances** — provision for decrease in the value of fixed store assets.

**Store supplies** — wrapping paper, office supplies, etc.

**Advertising** — displays, window dressing and sales promotion.

**Net bad debt loss** — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

**Other expenses** — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

**Net operating profit** — is the difference between "total operating expenses" and "gross profits" and includes proprietors' salaries and withdrawals before income tax deductions in unincorporated firms.

**Occupancy** — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.



## DEFINITIONS

### Balance Sheet

#### Assets

**Cash on hand or in bank** — the amount of cash in the business at the end of the year.

**Net accounts receivable** — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

**Merchandise inventory** — the cost value of merchandise on hand for resale but does not include store supplies on hand.

**Other current assets** — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

**Fixed assets (net)** — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

**Other assets** — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

#### Liabilities and Net Worth

**Current liabilities** — obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

**Fixed liabilities** — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

**Other liabilities** — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

**Net worth** — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts: (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

## DEFINITIONS

### Profit and Loss Statement Ratios

**Stock Turnover** — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

**Gross Profit Ratio** — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

**Operating Expense Ratios** — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

**Net Operating Profit Ratio** — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

### Balance Sheet Ratios

**Current Ratio** —  $\text{Current Assets} \div \text{Current Liabilities}$  — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

**Liquidity Ratio** —  $\text{Cash} + \text{Accounts Receivable} + \text{Government Bonds and Securities} \div \text{Current Liabilities}$  — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

**Working Capital to Net Worth Ratio** — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

**Worth-Debt Ratio** —  $\text{Net Worth} \div \text{Total Liabilities}$  — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

### Interstatement Ratio

**Turnover of Total Capital Employed** —  $\text{Net Sales} \div \text{Total Assets used in the business}$  — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.



# OPERATING RESULTS AND FINANCIAL STRUCTURE

## INDEPENDENT FUEL DEALERS

### 1952

#### INTRODUCTION

The ratios appearing in the operating results bulletins may not constitute an ideal pattern of operations which all retailers should set as a goal, but they do represent a standard by which the retailer may ascertain whether or not his operations are being conducted as effectively, economically and profitably as those of the trade in general. To the merchant whose profits are below average, the operating results summaries may help to disclose the reasons which account for this situation. Reflection and consideration on the part of the merchant make it possible to decide whether his operating methods should be altered or whether the situation is normal in the light of conditions peculiar to the location of his business.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more. There are many reasons for this, some of them

associated with the natural incompetence of the initiate retailer which could not be completely overcome by means of operating statement analysis. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

Analyses of both profit and loss statements and balance sheets are presented in this report.

Profit and loss data are shown for owned and rented stores separately, and for various sales-size categories.

Balance sheet data, introduced in 1948, is continued in this 1952 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

Definitions of the ratios presented in this bulletin, for comparison and financial statement analysis, are shown on the opposite page.

## INDEPENDENT FUEL DEALERS

This classification includes firms recognized by the trade as independent fuel dealers. The term "independent" is used to mean non-chain or single establishment firms. The firms' results used in tabulations were results of firms primarily engaged in the selling of coal and coke but which also sold smaller quantities of fuel oil, wood or ice.

After careful editing of the reports received, it was possible to use 179 independent unincorporated and 48 independent incorporated firms' results for tabulation of profit and loss averages and ratios. These tabulations are shown separately for firms operating in owned or rented premises. A further

differentiation was made within each of these categories to show results of firms within typical sales-size ranges.

Balance sheet results are shown, in the form of averages, for both unincorporated and incorporated firms. A differentiation between owner-operated and lessee-operated firms was also made for unincorporated firms. Lessee-operated results only are shown for incorporated firms. There was a sufficient number of reporting owner-dealers of unincorporated firms to permit a separate presentation of balance sheet averages of firms in business "under 10 years" and "10 years and over" within each sales-size range.

## Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged, or increased less than 10 per cent, the rent expense ratio would decline.

Unincorporated firms' results showed a slight decline in the gross profit ratio or "mark-up" from 20.62 per cent of net sales in 1950 to 20.40 per cent in 1952. Increased delivery expenses in 1952 caused an increase in the total operating expenses ratio from 15.49 per cent to 15.76 per cent in 1950 and 1952 respectively. The combined effect of a lower 1952 gross profit ratio and an increase in the total operating expense ratio resulted in a decline in the net operating profit ratio from 5.13 per cent in 1950 to 4.46 per cent in 1952. In addition to the net operating profit forming a smaller portion of the average net sales' dollar, the average net sales (or number of average sales' dollars) showed a slight decline in 1952.

Incorporated firms' results showed dealers in a less favourable position in 1952 than in 1950. Although the gross profit ratio increased from 20.22 per cent of net sales in 1950 to 22.04 per cent in 1952, total operating expenses showed a greater increase from 17.89 per cent to 20.43 per cent. Consequently, the net operating profit ratio declined from 2.33 per cent in 1950 to 1.61 per cent in 1952. Although all itemized operating expense ratios showed an increase in 1952, when compared to 1950 results, the largest increase occurred in delivery expense. In addition to the net operating profit forming a smaller portion of the 1952 average sales' dollar, the average net sales (or number of average sales' dollars) also showed a slight decline in 1952 when compared with 1950 results.

In total, inventories were slightly higher in value at the end of 1952 than at the beginning of the year for both unincorporated and incorporated firms.

The detail of delivery expense for dealers using own equipment, as opposed to contract delivery expense, is shown in table 1. This additional information was first presented in the 1948 operating results bulletin and was continued in the 1950 survey results. Again, the information is presented for unincorporated dealers only.

Financial Ratios of Independent Fuel Dealers as at December 31, 1952

Ratio <sup>1</sup>	Unincorporated		Incorporated	
	Owned	Rented	Owned	Rented
Current ratio.....	2.21	2.34	1.96	1.54
Liquidity ratio .....	1.55	1.57	1.13	1.01
Working capital to net worth .....	0.53	0.78	0.49	0.49
Worth debt ratio .....	1.86	1.41	1.59	1.03
Turnover of total capital employed .....	2.94	3.19	2.89	3.58

1. Ratio definitions are shown on page 6.



## Operating Results of Independent Fuel Dealers, 1950 and 1952 Compared

Item	Unincorporated		Incorporated	
	1950	1952	1950	1952
Average net sales .....	\$ 96,474	94,719	257,278	247,889
Profit and Loss Data (Per cent of net sales)				
Gross profit .....	20.62	20.40	20.22	22.04
Operating expenses:				
Employees' salaries (except delivery) .....	4.08	3.49	5.91	6.07
Occupancy .....	2.14	2.10	1.87	1.89
Delivery .....	7.01	8.01	7.26	9.32
Advertising .....	0.38	0.42	0.53	0.66
All other expenses .....	1.88	1.74	2.32	2.49
<b>Total operating expenses</b> .....	<b>15.49</b>	<b>15.76</b>	<b>17.89</b>	<b>20.43</b>
Net operating profit before provision for income tax <sup>1</sup> .....	5.13	4.64	2.33	1.61

1. Includes proprietors' salaries for unincorporated firms.

DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR  
INDEPENDENT FUEL DEALERS  
1950-1952 COMPARED

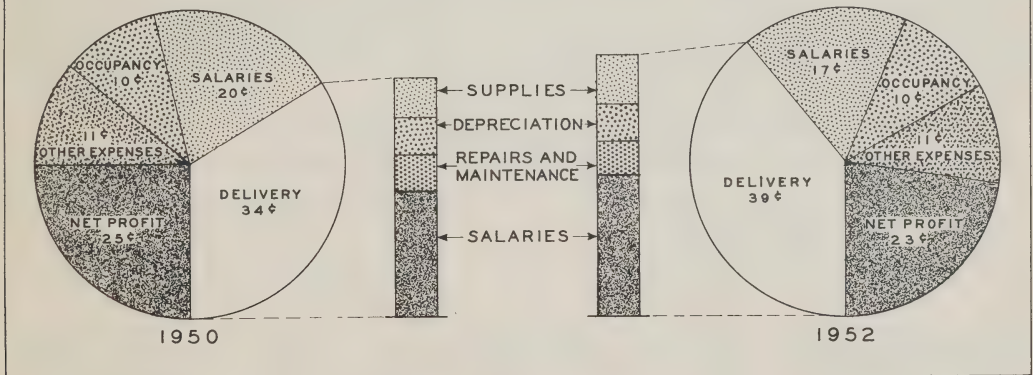


TABLE 1. Independent Fuel Dealers -- Delivery Expense of Unincorporated Dealers  
Using Own Equipment, 1952

Item	Dealers with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
	per cent of net sales			
Gross profit .....	27.82	22.90	19.08	20.44
Delivery expense:				
Salaries and wages .....	6.23	4.56	4.55	4.63
Repairs and maintenance .....	1.45	0.90	1.21	1.15
Depreciation, licenses and insurance .....	1.98	1.02	1.18	1.18
Supplies .....	2.20	1.43	1.59	1.58
<b>Total delivery expense</b> .....	<b>11.86</b>	<b>7.91</b>	<b>8.53</b>	<b>8.54</b>
Net operating profit .....	5.49	6.71	3.47	4.37

**TABLE 2. Independent Fuel Dealers — Operating Results of Unincorporated Firms by Sales Volume and Occupancy Basis, 1952**

Item	Owner-dealers with annual net sales of			Lessee-dealers with annual net sales of		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of dealers reporting .....	30	37	43	15	19	19
Average net sales per dealer .....	\$ 33,622	70,520	173,496	32,994	68,813	194,932
Average cost of goods sold .....	\$ 25,384	55,062	140,852	24,515	53,520	156,970
Average beginning inventory .....	\$ 1,816	5,795	11,080	1,651	6,084	12,992
Average inventory, end of year .....	\$ 2,205	7,138	9,689	1,767	6,394	15,122
Stock turnover (times per year) .....	12.63	8.52	13.56	14.34	8.58	11.17
Profit and Loss Data (Per cent of net sales)						
Gross profit .....	24.49	21.92	18.81	25.69	22.22	19.47
Operating expenses:						
Employees' salaries and wages (except delivery) .....	3.70	2.90	3.69	3.84	4.30	2.80
Taxes .....	0.68	0.51	0.36	0.65	0.41	0.17
Insurance .....	0.50	0.40	0.33	0.48	0.34	0.26
Rent .....	—	—	—	1.13	0.72	0.31
Heat, light and power .....	0.43	0.37	0.23	0.49	0.19	0.15
Delivery .....	9.56	7.22	7.55	8.39	7.73	9.01
Repairs and maintenance .....	0.46	0.48	0.37	0.32	0.29	0.36
Depreciation allowances .....	0.66	0.81	0.55	0.49	0.46	0.46
Store supplies .....	0.30	0.26	0.24	0.21	0.30	0.18
Advertising .....	0.40	0.33	0.50	0.34	0.49	0.35
Bad debts-written off .....	0.13	0.41	0.38	0.47	0.14	0.24
(Less) amount recovered .....	—	0.02	0.14	0.05	0.12	0.09
Net bad debt loss .....	0.13	0.39	0.24	0.42	0.02	0.15
All other expenses .....	1.74	1.39	1.14	1.62	1.48	1.17
Total operating expenses .....	18.56	15.06	15.20	18.38	16.73	15.37
Net operating profit before deduction of proprietors' salaries and income tax .....	5.93	6.86	3.61	7.31	5.49	4.10

**TABLE 3. Independent Fuel Dealers — Operating Results of Incorporated Firms by Sales Volume and Occupancy Basis, 1952**

Item	Owner-dealers with annual net sales of		Lessee-dealers with annual net sales of
	\$50,000 to \$99,999	\$100,000 and over	\$100,000 and over
Number of dealers reporting .....	8	18	22
Average net sales per dealer .....	\$ 76,510	235,804	320,099
Average cost of goods sold .....	\$ 59,077	187,068	247,087
Average beginning inventory .....	\$ 5,104	22,049	19,659
Average inventory, end of year .....	\$ 5,238	30,637	17,897
Stock turnover (times per year) .....	11.42	7.10	13.16
Profit and Loss Data (Per cent of net sales)			
Gross profit .....	22.78	20.67	22.81
Operating expenses:			
Employees' salaries and wages (except delivery) .....	6.70	6.24	5.91
Taxes .....	0.71	0.37	0.24
Insurance .....	0.54	0.37	0.25
Rent .....	—	—	0.47
Heat, light and power .....	0.27	0.18	0.14
Delivery .....	8.46	7.80	10.31
Repairs and maintenance .....	0.57	0.47	0.48
Depreciation allowances .....	0.36	0.35	0.36
Store supplies .....	0.28	0.39	0.21
Advertising .....	0.70	0.60	0.70
Bad debts — written off .....	0.37	0.33	0.47
(Less) amount recovered .....	0.13	0.03	0.06
Net bad debt loss .....	0.24	0.30	0.41
All other expenses .....	2.24	1.52	2.02
Total operating expenses .....	21.07	18.59	21.50
Net operating profit before provision for income tax .....	1.71	2.08	1.31



**TABLE 4. Independent Fuel Dealers — Owned — Financial Structure of Unincorporated Firms by Size and Age of Business, as at December 31, 1952**

Item	Dealers with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 to \$49,999			\$50,000 to \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank .....	1,606	1,743	1,683	1,660	3,781	2,787	3,877	8,829	6,925	4,180
Accounts and notes receivable (net) .....	2,310	2,607	2,476	7,535	9,773	8,724	14,935	20,818	18,556	11,090
Merchandise inventory .....	2,246	2,663	2,480	9,391	6,105	7,646	7,452	10,614	9,398	7,012
Other current assets .....	7	301	171	1,913	635	1,234	234	3,165	2,038	1,284
<b>Total current assets .....</b>	<b>6,169</b>	<b>7,314</b>	<b>6,810</b>	<b>20,499</b>	<b>20,294</b>	<b>20,391</b>	<b>26,498</b>	<b>43,426</b>	<b>36,917</b>	<b>23,566</b>
Fixed assets (net):										
Used in the business .....	5,404	3,591	4,389	12,714	8,669	10,566	12,519	15,542	14,379	10,506
Not used in the business .....	2,071	2,439	2,277	1,752	838	1,266	2,007	2,499	2,310	1,953
<b>Total fixed assets (net) .....</b>	<b>7,475</b>	<b>6,030</b>	<b>6,666</b>	<b>14,466</b>	<b>9,507</b>	<b>11,832</b>	<b>14,526</b>	<b>18,041</b>	<b>16,689</b>	<b>12,459</b>
Other assets:										
Investments of a permanent nature .....	—	821	460	—	750	399	—	3,799	2,338	1,202
Intangibles .....	174	—	76	153	—	71	41	824	523	256
<b>Total other assets .....</b>	<b>174</b>	<b>821</b>	<b>536</b>	<b>153</b>	<b>750</b>	<b>470</b>	<b>41</b>	<b>4,623</b>	<b>2,861</b>	<b>1,458</b>
<b>Total assets .....</b>	<b>13,818</b>	<b>14,165</b>	<b>14,012</b>	<b>35,118</b>	<b>30,551</b>	<b>32,693</b>	<b>41,065</b>	<b>66,090</b>	<b>56,467</b>	<b>37,483</b>
Liabilities										
Current liabilities — accounts and notes payable .....	2,165	2,456	2,328	6,771	7,418	7,115	19,426	18,603	18,920	10,663
Fixed liabilities — mortgages on fixed assets:										
Used in the business .....	948	500	697	3,965	353	2,046	2,686	1,054	1,682	1,547
Not used in the business .....	518	29	245	—	294	156	—	292	179	189
Other liabilities .....	—	454	254	3,316	226	1,675	—	376	231	718
<b>Total liabilities .....</b>	<b>3,631</b>	<b>3,439</b>	<b>3,524</b>	<b>14,052</b>	<b>8,291</b>	<b>10,992</b>	<b>22,112</b>	<b>20,325</b>	<b>21,012</b>	<b>13,117</b>
Net worth — proprietors' or partners' equity in the business .....	10,187	10,726	10,488	21,066	22,260	21,701	18,953	45,765	35,455	24,366
<b>Total liabilities and net worth .....</b>	<b>13,818</b>	<b>14,165</b>	<b>14,012</b>	<b>35,118</b>	<b>30,551</b>	<b>32,693</b>	<b>41,065</b>	<b>66,090</b>	<b>56,467</b>	<b>37,483</b>
Number of dealers reporting.....	11	14	25	15	17	32	15	24	39	96
Average net sales of dealers reporting .....	35,091	31,540	33,103	69,749	71,896	70,890	161,197	188,427	177,956	104,539

**TABLE 5. Independent Fuel Dealers — Rented — Financial Structure of Unincorporated Firms by Size of Business, as at December 31, 1952**

	Dealers with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 to \$49,999	\$ 50,000 to \$ 99,999	\$100,000 and over	
Assets				
Current asset:				
Cash on hand and in bank .....	2,386	3,861	6,740	4,814
Accounts and notes receivable (net) .....	2,803	7,419	22,397	13,001
Merchandise inventory .....	1,921	7,067	16,010	9,910
Other current assets .....	503	3,577	2,273	2,378
<b>Total current assets .....</b>	<b>7,613</b>	<b>21,924</b>	<b>47,420</b>	<b>30,103</b>
Fixed assets (net):				
Used in the business .....	2,554	3,654	9,711	6,068
Not used in the business .....	1,186	781	1,035	974
<b>Total fixed assets ( net) .....</b>	<b>3,740</b>	<b>4,435</b>	<b>10,746</b>	<b>7,042</b>
Other assets:				
Investments of a permanent nature .....	—	273	214	191
Intangibles .....	—	468	267	285
<b>Total other assets .....</b>	<b>—</b>	<b>741</b>	<b>481</b>	<b>476</b>
<b>Total assets .....</b>	<b>11,353</b>	<b>27,100</b>	<b>58,647</b>	<b>37,621</b>
Liabilities				
Current liabilities — accounts and notes payable .....	3,631	7,363	21,723	12,857
Fixed liabilities — mortgages on fixed assets:				
Used in the business .....	—	—	1,781	777
Not used in the business .....	763	—	671	449
Other liabilities .....	985	1,793	1,500	1,499
<b>Total liabilities .....</b>	<b>5,379</b>	<b>9,156</b>	<b>25,675</b>	<b>15,582</b>
Net worth — proprietors' or partners' equity in the business .....	5,974	17,944	32,972	22,039
<b>Total liabilities and net worth .....</b>	<b>11,353</b>	<b>27,100</b>	<b>58,647</b>	<b>37,621</b>
Number of dealers reporting .....	8	14	17	39
Average net sales of dealers reporting .....	33,687	67,012	197,576	117,089

**TABLE 6. Independent Fuel Dealers — Financial Structure of Incorporated Firms by Size and Occupancy,  
as at December 31, 1952**

Item	Owner—dealers with annual net sales of		Total all sizes (Owned)	Total all sizes (Rented)
	\$50,000 to \$99,999	\$100,000 and over		
Assets				
Current assets:				
Cash on hand and in bank.....	1,428	5,439	4,399	2,206
Accounts and notes receivable (net).....	7,522	26,667	21,703	30,955
Merchandise inventory.....	5,986	28,192	22,435	19,267
Other current assets .....	1,337	5,749	4,606	3,631
Total current assets .....	16,273	66,047	53,143	56,059
Fixed assets (net):				
Used in the business.....	14,341	23,114	20,840	14,738
Not used in the business .....	—	12,152	9,001	448
Total fixed assets (net) .....	14,341	35,266	29,841	15,186
Other assets:				
Investments of a permanent nature .....	—	1,997	1,479	1,631
Intangibles .....	2,222	1,262	1,511	5,620
Total other assets .....	2,222	3,259	2,990	7,251
Total assets .....	32,836	104,572	85,974	78,496
Liabilities				
Current liabilities — accounts and notes payable.....	7,435	34,061	27,158	36,404
Fixed liabilities — mortgages on fixed assets:				
Used in the business.....	1,826	3,918	3,376	1,532
Not used in the business .....	—	140	104	—
Other liabilities .....	1,567	2,868	2,531	706
Total liabilities .....	10,828	40,987	33,169	38,642
Net worth:				
Capital stock .....	18,141	38,201	33,000	18,795
Surplus and undivided profits.....	3,867	25,384	19,805	21,059
Total net worth.....	22,008	63,585	52,805	39,854
Total liabilities and net worth.....	32,836	104,572	85,974	78,496
Number of dealers reporting .....	7	20	27	14
Average net sales of dealers reporting.....	79,230	272,208	222,178	279,228



63-410



**OPERATING RESULTS AND FINANCIAL STRUCTURE  
INDEPENDENT FUEL DEALERS  
1954**



*Published by Authority of*  
The Right Honourable C. D. Howe, Minister of Trade and Commerce

**DOMINION BUREAU OF STATISTICS**  
Industry and Merchandising Division  
Merchandising and Services Section

## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### Part I—Wholesale Statistics

- A—Wholesale Trade, 25¢
- \*B—Operating Results of Food Wholesalers, 25¢
- \*C—Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- \*D—1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
  - 2 Operating Results of Drug Wholesalers, 25¢
  - 3 Operating Results of Hardware Wholesalers, 25¢
  - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
  - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

### Part II—Retail Statistics

- E—General Review—(Discontinued)
- F—Retail Trade, 50¢
- G—Retail Chain Stores, 50¢
- \*H—Operating Results of Food Store Chains, 25¢
- \*I—Operating Results of Clothing Store Chains, 25¢
- \*J—1 Operating Results of Variety Store Chains, 25¢
  - 2 Operating Results of Drug Stores Chains, 25¢
  - 3 Operating Results of Furniture Store Chains, 25¢
- K—Operating Results of Independent Food Stores, 25¢
- L—Operating Results of Independent Clothing Stores, 25¢
- M—Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- N—Operating Results of Filling Stations & Garages, 25¢
- O—1 Operating Results of Independent General Stores, 25¢
  - 2 Operating Results of Independent Restaurants, 25¢
  - 3 Operating Results of Independent Fuel Dealers, 25¢
  - 4 Operating Results of Independent Drug Stores, 25¢
  - 5 Operating Results of Independent Jewellery Stores, 25¢
  - 6 Operating Results of Independent Tobacco Stores, 25¢
- P—Retail Consumer Credit, 25¢

### Part III—Services and Special Fields

- Q—Laundries, Cleaners and Dyers, 25¢
- R—Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S—Hotels, 25¢
- T—Sales Financing, 25¢
- U—Farm Implement and Equipment Sales, 25¢
- V—New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W—Advertising Agencies (Memorandum), 10¢
- X—Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

\*Biennial reports—not issued for 1954.

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## DEFINITIONS

### Profit and Loss

**Net sales** — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

**Cost of goods sold** — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

**Gross profit** — the difference between “cost of goods sold” and “net sales”.

**Operating expenses** — all costs incurred in the year’s operation of a business, except the cost of merchandise. These include:

**Salaries and wages (except delivery)** — payments to employees before deduction of income tax or unemployment insurance. Proprietors’ salaries or withdrawals are included in “net operating profit” in unincorporated store operations.

**Taxes** — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

**Insurance** — annual proportion of premiums for insurance policies carried to protect the business.

**Rent** — Payments for use of business premises.

**Heat, light and power** — cost applicable to year’s operations.

**Delivery** — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

**Repairs and maintenance** — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

**Depreciation allowances** — provision for decrease in the value of fixed store assets.

**Store supplies** — wrapping paper, office supplies, etc.

**Advertising** — displays, window dressing and sales promotion.

**Net bad debt loss** — estimated amount of uncollectable customers’ accounts receivable less the amount recovered from former bad debts.

**Other expenses** — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

**Net operating profit** — is the difference between “total operating expenses” and “gross profits” and includes proprietors’ salaries and withdrawals before income tax deductions in unincorporated firms.

**Occupancy** — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

## DEFINITIONS

### Balance Sheet

#### Assets

**Cash on hand or in bank** — the amount of cash in the business at the end of the year.

**Net accounts receivable** — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

**Merchandise inventory** — the cost value of merchandise on hand for resale but does not include store supplies on hand.

**Other current assets** — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

**Fixed assets (net)** — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

**Other assets** — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

#### Liabilities and Net Worth

**Current liabilities** — obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

**Fixed liabilities** — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

**Other liabilities** — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

**Net worth** — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

## DEFINITIONS

### Profit and Loss Statement Ratios

**Stock Turnover** — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of “net sales”. Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales’ dollar.

**Gross Profit Ratio** — sometimes referred to as the “gross margin ratio” or “mark-up” represents the difference between “cost of goods sold” and “net sales”. It is the portion of the average sales’ dollar from which the merchant meets his operating expenses and obtains his net operating profit.

**Operating Expense Ratios** — each item of expense, as well as “total operating expenses” when expressed as a percentage of “net sales” shows the amounts of the average sales’ dollar required to operate the average business.

**Net Operating Profit Ratio** — the remaining proportion of the average sales’ dollar after “cost of goods sold” and “total operating expenses” have been deducted. From this amount, the percentage allowances for both proprietors’ salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

### Balance Sheet Ratios

**Current Ratio** —  $\text{Current Assets} \div \text{Current Liabilities}$  — indicates to what extent the business is able to meet its current obligations out of “current assets”. Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

**Liquidity Ratio** —  $\text{Current Assets Less Merchandise Inventory} \div \text{Current Liabilities}$  — sometimes referred to as the “acid test”, is similar to the “current ratio” as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

**Working Capital to Net Worth Ratio** — denotes the relationship between “working capital” (current assets less current liabilities) and a proprietor’s equity in the business. That is, the proportion of “net worth” that could be realized readily if liquidation were necessary.

**Worth-Debt Ratio** —  $\text{Net Worth} \div \text{Total Liabilities}$  — if used in conjunction with the “current ratio”, would reflect any weakening of the capital structure of a business through large loans which give a high “current ratio”.

### Interstatement Ratio

**Turnover of Total Capital Employed** —  $\text{Net Sales} \div \text{Total Assets used in the business}$  — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because “profits” and not “sales” are the major criterion of efficiency.



# OPERATING RESULTS AND FINANCIAL STRUCTURE

## INDEPENDENT FUEL DEALERS

1954

### INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard against which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

Analyses of both profit and loss and balance sheet statements are presented in this report.

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories.

Balance sheet data, which were introduced in 1948, are continued in this 1954 study. This information is presented by sales-size and kind of occupancy groups for dealers with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales, than was possible when all fixed assets of the proprietor were reported as one item.

Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 census were used. For example, in response to this survey, independent dealers with sales between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census they might account for approximately 11% of total fuel dealers' sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

The summary chart does not show weighted ratios; for sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

## INDEPENDENT FUEL DEALERS

Only retail establishments selling coal, firewood, oil for household consumption, bottled gas and other fuels, are covered in this report. Other lines may be carried but the sale of fuel must amount to at least 50% of total sales.

Unincorporated and incorporated "single establishments" or "independent" firms only are covered. After careful editing, 189 questionnaires were used for profit and loss tabulations of unincorporated firms, (129 for firms operating in owned premises and 60 in rented premises). The results of incorporated firms were derived from 85 properly completed questionnaires (46 in owned and 39 in rented premises).

Returns from which balance sheet data were used numbered 161 for unincorporated firms and 83 for incorporated firms.

The average gross profit expressed as a percentage of average net sales increased in 1954 to 22.97 per cent from 20.94 per cent in 1952. Operating expenses also increased in 1954 from 15.97 per cent to 17.56 per cent in 1952, slightly less than the gross profit increase, and as a result net operating profit increased in 1954 to 5.41 per cent compared to 4.97 per cent in 1952. All operating expenses were higher in 1954 in comparison to 1952 except for employees' salaries (except delivery) which was slightly lower, 3.61 per cent in 1954 and 3.62 per cent in 1952. The average gross profit for incor-

porated fuel dealers increased by 1 per cent in 1954 to 22.35 per cent from 21.35 per cent in 1952. Operating expenses also increased but by a smaller margin 20.35 per cent in 1954 from 19.51 per cent in 1952. The result was an increase in the net operating profit for 1954, 2.00 per cent compared to 1.84 per cent in 1952. Employees' salaries (except delivery) and advertising were the two items to show decreases in 1954. Salaries of management, charged as operating expenses, account for the low net profit ratio of incorporated firms compared to unincorporated firms.

Inventories for unincorporated firms were generally lower at the end of the year than at the beginning for both owned and rented categories. The reverse occurred for incorporated firms; inventories at the end of the year were quite larger than at the beginning for dealers in both owned and rented premises except for \$100,000-\$499,999 size.

The rate of stock turnover per year stood fairly high, ranging for unincorporated firms from 9.47 to 22.20 times per year and for incorporated firms from 7.23 to 17.25 times per year.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, charts and tables, will give more detail and information on the operating results and the financial position of independent fuel dealers for 1954.

Operating Results of Independent Fuel Dealers, 1952 and 1954 Compared

Item	Unincorporated		Incorporated	
	1952	1954	1952	1954
	(per cent of net sales)			
Gross profit .....	20.94	22.97	21.35	22.35
Operating expenses:				
Employees' salaries (except delivery) .....	3.62	3.61	6.15	6.12
Occupancy .....	2.24	2.48	1.82	2.16
Delivery .....	7.89	8.99	8.56	9.05
Advertising .....	0.42	0.52	0.43	0.62
All other expenses .....	1.80	1.96	2.35	2.40
Total operating expenses .....	15.97	17.56	19.51	20.35
Net operating profit before deduction of income tax <sup>1</sup> .....	4.97	5.41	1.84	2.00

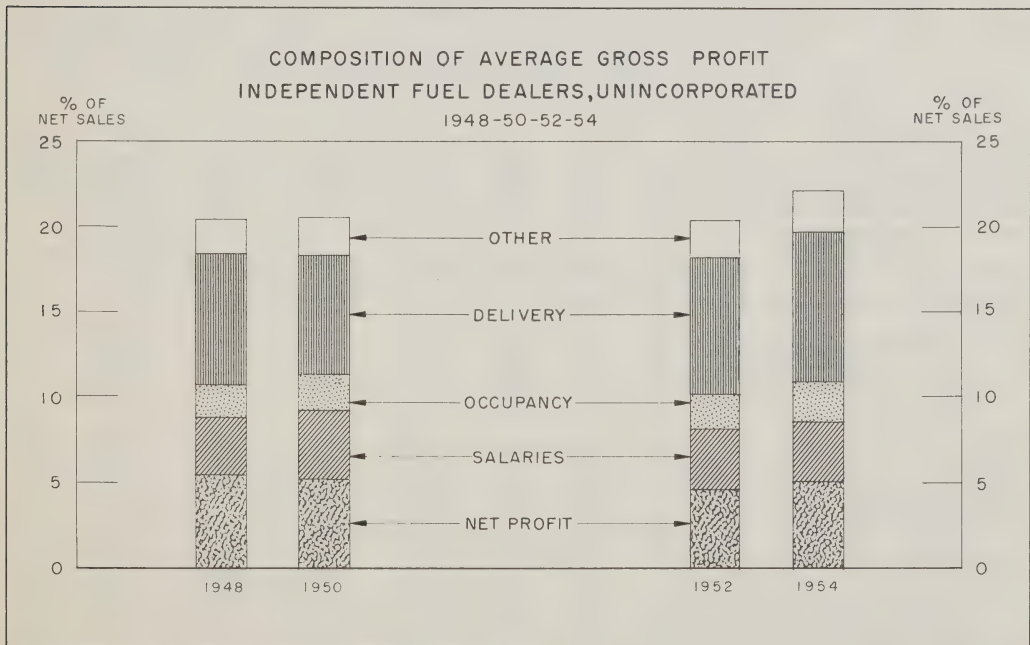
1. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

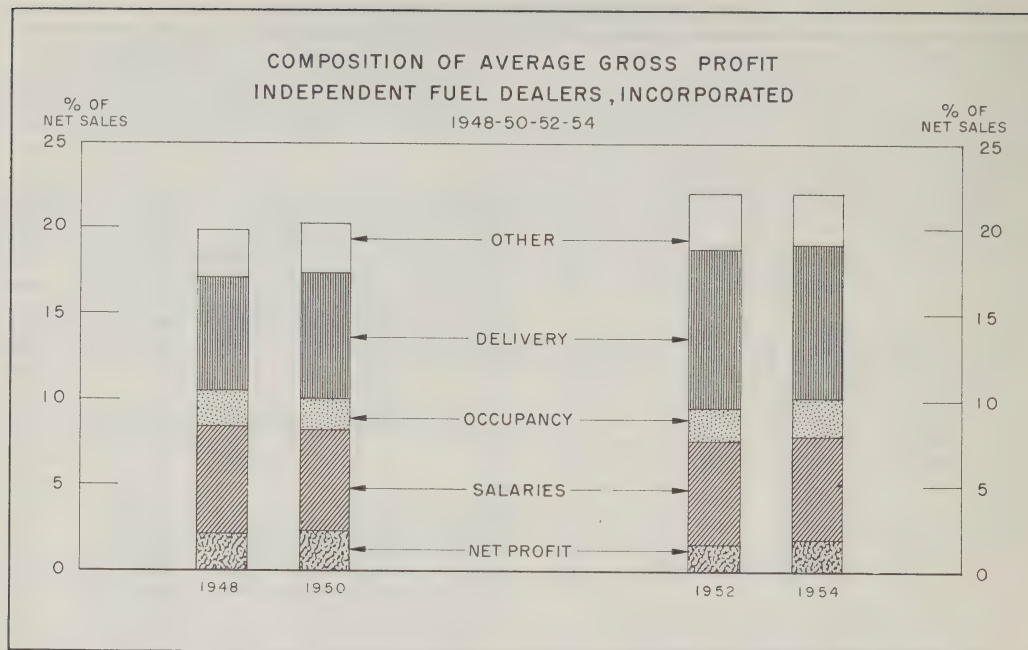
## Balance Sheet Ratios of Independent Fuel Dealers

Item <sup>1</sup>		Unincorporated		Incorporated	
		Owned	Rented	Owned	Rented
Current Ratio .....	1948	1.93	2.60	1.90	1.94
	1950	2.39	1.97	2.99	1.75
	1952	2.21	2.34	1.96	1.54
	1954	2.24	2.04	1.80	1.47
Liquidity Ratio .....	1952	1.55	1.57	1.13	1.01
	1954	1.66	1.68	1.29	1.03
Working Capital to Net Worth Ratio .....	1948	0.49	0.70	0.50	0.78
	1950	0.58	0.67	0.51	0.63
	1952	0.53	0.78	0.49	0.49
	1954	0.54	0.67	0.53	0.53
Worth Debt Ratio .....	1948	1.69	1.85	1.33	0.97
	1950	1.92	1.33	2.50	1.03
	1952	1.86	1.41	1.59	1.03
	1954	1.72	1.32	1.15	0.71
Turnover of Total Capital Employed .....	1952	2.94	3.19	2.89	3.58
	1954	2.70	3.47	2.64	2.84

1. Ratio definitions are shown on page 6.







**TABLE 1. Independent Fuel Dealers — Operating Results of Unincorporated Firms by Sales Volume and Occupancy Basis, 1954**

Item	Owner dealers with annual net sales of				Lessee-dealers with annual net sales of		
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of dealers reporting .....	11	41	33	42	15	15	25
Average net sales per dealer .....	\$ 17,240	34,228	73,119	164,150	37,938	63,846	191,929
Average beginning inventory .....	1,086	2,626	5,507	10,108	3,029	4,502	7,290
Average inventory, end of year .....	953	2,725	4,449	9,920	2,396	3,351	6,701
Average cost of goods sold .....	\$ 13,613	25,333	55,034	127,704	28,691	48,921	155,276
Stock turnover (times per year) .....	13.35	9.47	11.06	12.75	10.58	12.46	22.20
<b>Profit and Loss Data</b> (per cent of net sales)							
<b>Gross profit</b> .....	<b>21.04</b>	<b>25.99</b>	<b>24.73</b>	<b>22.20</b>	<b>24.37</b>	<b>23.38</b>	<b>19.10</b>
Operating expenses:							
Employees' salaries and wages (except delivery) .....	0.46	2.71	3.62	4.28	4.55	2.38	2.54
Delivery expenses:							
A. Own equipment 1. Salaries .....	2.83	5.35	4.46	4.16	4.24	6.11	4.31
2. Repairs & maintenance .....	0.99	1.87	0.84	1.09	1.40	1.19	0.72
3. Depreciation, etc. ....	1.15	1.46	1.27	1.24	1.35	1.24	1.26
4. Supplies used .....	1.61	1.61	1.57	1.59	1.12	1.74	1.44
B. By contract .....	0.63	0.18	1.11	0.59	0.74	0.01	0.39
<b>Total delivery expenses</b> .....	<b>7.21</b>	<b>10.47</b>	<b>9.25</b>	<b>8.67</b>	<b>8.85</b>	<b>10.29</b>	<b>8.12</b>
Occupancy expenses:							
Taxes .....	0.75	0.69	0.51	0.42	0.69	0.37	0.20
Insurance .....	0.57	0.50	0.42	0.38	0.53	0.38	0.36
Rent .....	—	—	—	—	0.93	0.70	0.48
Heat, light and power .....	0.46	0.35	0.43	0.21	0.22	0.19	0.13
Repairs and maintenance .....	0.19	0.50	0.55	0.55	0.40	0.42	0.32
Depreciation allowances .....	0.28	0.68	0.79	0.79	0.35	0.49	0.45
<b>Total occupancy expenses</b> .....	<b>2.25</b>	<b>2.72</b>	<b>2.70</b>	<b>2.35</b>	<b>3.11</b>	<b>2.55</b>	<b>1.94</b>
Office or store supplies .....	0.31	0.34	0.38	0.28	0.47	0.30	0.34
Advertising .....	0.26	0.36	0.43	0.66	0.54	0.40	0.44
Net loss on bad debts .....	0.11	0.39	0.29	0.31	0.11	0.32	0.32
All other expenses .....	1.43	1.32	1.51	1.29	1.44	1.26	1.11
<b>Total operating expenses</b> .....	<b>12.03</b>	<b>18.31</b>	<b>18.18</b>	<b>17.84</b>	<b>19.07</b>	<b>17.50</b>	<b>14.81</b>
<b>Net operating profit before deduction of proprietors' salaries and income tax</b> .....	<b>9.01</b>	<b>7.68</b>	<b>6.55</b>	<b>4.36</b>	<b>5.30</b>	<b>5.88</b>	<b>4.29</b>

TABLE 2. Independent Fuel Dealers Operating Results of Incorporated Firms by Sales Volume and Occupancy Basis 1954

Item	Owner dealers with annual net sales of		Lessee dealers with annual net sales of	
	\$50,000-\$99,999	\$100,000 and over	\$100,000-\$499,999	\$500,000 and over
Number of dealers reporting .....	7	34	22	8
Average net sales per dealer .....	\$ 80,900	322,054	250,979	851,926
Average beginning inventory .....	\$ 7,617	18,812	12,532	59,871
Average inventory, end of year .....	\$ 9,421	21,651	10,739	83,712
Average cost of goods sold .....	\$ 61,620	248,728	201,196	684,797
Stock turnover (times per year) .....	7.23	12.29	17.25	9.54
<b>Profit and Loss Data</b> (per cent of net sales)				
Gross profit .....	23.83	22.77	22.91	19.62
Operating expenses:				
Employees' salaries and wages .....	8.03	6.27	6.86	4.24
Delivery expenses:				
A. Own equipment				
1. Salaries .....	3.34	5.19	4.52	2.91
2. Repairs & Maintenance .....	0.95	0.94	0.78	1.08
3. Depreciation, etc. ....	1.68	1.14	1.30	1.09
4. Supplies used .....	1.15	1.12	1.09	1.00
B. By contract .....	2.96	0.87	1.89	1.21
Total Delivery Expenses .....	10.08	9.26	9.58	7.29
Occupancy expenses:				
Taxes .....	1.15	0.34	0.23	0.26
Insurance .....	0.54	0.34	0.21	0.30
Rent .....	—	—	0.56	0.48
Heat, light and power .....	0.18	0.17	0.15	0.21
Repairs and maintenance .....	0.39	0.54	0.44	0.64
Depreciation allowances .....	1.43	0.57	0.43	1.00
Total occupancy expenses .....	3.69	1.96	2.02	2.89
Office or store supplies .....	0.37	0.30	0.33	0.35
Advertising .....	0.78	0.62	0.65	0.55
Net loss on bad debts .....	0.40	0.40	0.35	0.33
All other expenses .....	1.48	1.83	1.67	1.24
Total operating expenses .....	24.83	20.64	21.46	16.89
Net operating profit before provision for income tax .....	1.00 <sup>1</sup>	2.13	1.45	2.73

1. Net operating loss.

TABLE 3. Independent Fuel Dealers—Owned—Financial Structure of Unincorporated Firms by Size and Age of Business, as at December 31, 1954

Item	Dealers with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	(average per store)									
Current assets:										
Cash on hand and in bank .....	1,590	2,441	2,157	3,471	4,346	4,007	3,442	6,937	5,914	4,114
Accounts and notes receivable (net) .....	3,717	3,757	3,744	9,001	9,748	9,459	17,425	20,640	19,700	11,441
Merchandise inventory .....	3,354	2,701	2,919	4,190	4,950	4,556	6,826	10,517	9,437	5,892
Other current assets .....	122	838	599	445	1,340	994	2,364	2,781	2,659	1,495
<b>Total current assets .....</b>	<b>8,783</b>	<b>9,737</b>	<b>9,419</b>	<b>17,107</b>	<b>20,384</b>	<b>19,116</b>	<b>30,057</b>	<b>40,875</b>	<b>37,710</b>	<b>22,942</b>
Fixed assets (net):										
Used in the business .....	6,942	3,268	4,493	13,559	8,862	10,680	16,145	15,736	15,856	10,582
Not used in the business .....	767	2,308	1,795	731	4,651	3,134	1,932	1,137	1,369	2,018
<b>Total fixed assets (net) .....</b>	<b>7,709</b>	<b>5,576</b>	<b>6,288</b>	<b>14,290</b>	<b>13,513</b>	<b>13,814</b>	<b>18,077</b>	<b>16,873</b>	<b>17,225</b>	<b>12,600</b>
Other assets:										
Long term investments .....	—	2,389	1,592	—	555	340	1,868	1,593	1,673	1,264
Other assets .....	480	8	165	—	812	497	1,136	178	458	372
<b>Total other assets .....</b>	<b>480</b>	<b>2,397</b>	<b>1,757</b>	<b>—</b>	<b>1,367</b>	<b>837</b>	<b>3,004</b>	<b>1,771</b>	<b>2,131</b>	<b>1,636</b>
<b>Total assets .....</b>	<b>16,972</b>	<b>17,710</b>	<b>17,464</b>	<b>31,397</b>	<b>35,264</b>	<b>33,767</b>	<b>51,138</b>	<b>59,519</b>	<b>57,066</b>	<b>37,178</b>
Liabilities										
Current liabilities:										
Accounts and notes payable .....	4,052	2,441	2,978	8,206	4,841	6,144	21,555	19,033	19,771	10,262
Fixed liabilities:										
Mortgages on fixed assets used in business .....	2,356	227	937	77	1,667	1,051	3,282	1,852	2,271	1,476
Mortgages on fixed assets not used in the business .....	128	183	165	100	—	39	750	207	366	205
<b>Total fixed liabilities .....</b>	<b>2,484</b>	<b>410</b>	<b>1,102</b>	<b>177</b>	<b>1,667</b>	<b>1,090</b>	<b>4,032</b>	<b>2,059</b>	<b>2,637</b>	<b>1,681</b>
Other liabilities .....	249	587	474	3,606	1,551	2,346	2,168	2,476	2,386	1,737
<b>Total liabilities .....</b>	<b>6,785</b>	<b>3,438</b>	<b>4,554</b>	<b>11,989</b>	<b>8,059</b>	<b>9,580</b>	<b>27,755</b>	<b>23,568</b>	<b>24,794</b>	<b>13,680</b>
Net worth: Proprietor's or partners' equity in the business .....	10,187	14,272	12,910	19,408	27,205	24,187	23,383	35,951	32,272	23,498
<b>Total liabilities and net worth .....</b>	<b>16,972</b>	<b>17,710</b>	<b>17,464</b>	<b>31,397</b>	<b>35,264</b>	<b>33,767</b>	<b>51,138</b>	<b>59,519</b>	<b>57,066</b>	<b>37,178</b>
Average net sales of dealers reporting .....	39,615	30,580	33,592	75,953	73,076	74,189	137,685	175,631	164,525	94,951
Number of dealers reporting .....	12	24	36	12	19	31	12	29	41	108

**TABLE 4. Independent Fuel Dealers - Rented - Financial Structure of Unincorporated Firms by Size and Age of Business, as at December 31, 1954**

Item	Dealers with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000 - \$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	(average per store)							
Current assets:								
Cash on hand and in bank .....	2,274	4,054	6,862	5,552	1,652	5,696	4,079	4,052
Accounts and notes receivable (net) .....	3,459	10,327	5,549	7,779	26,537	27,499	27,114	15,840
Merchandise inventory .....	2,318	2,824	3,812	3,351	7,460	6,052	6,615	4,637
Other current assets .....	3,447	886	1,027	961	166	2,589	1,620	1,882
<b>Total current assets .....</b>	<b>11,498</b>	<b>18,091</b>	<b>17,250</b>	<b>17,643</b>	<b>35,815</b>	<b>41,836</b>	<b>39,428</b>	<b>26,411</b>
Fixed assets (net):								
Used in the business .....	3,577	5,034	3,378	4,151	11,707	8,860	9,998	6,768
Not used in the business .....	2,251	2,857	—	1,333	430	—	172	1,011
<b>Total fixed assets .....</b>	<b>5,828</b>	<b>7,891</b>	<b>3,378</b>	<b>5,484</b>	<b>12,137</b>	<b>8,860</b>	<b>10,170</b>	<b>7,779</b>
Other assets:								
Long term investments .....	—	—	170	90	—	620	372	201
Other assets .....	242	2,929	156	1,450	797	41	344	632
<b>Total other assets .....</b>	<b>242</b>	<b>2,929</b>	<b>326</b>	<b>1,540</b>	<b>797</b>	<b>661</b>	<b>716</b>	<b>833</b>
<b>Total assets .....</b>	<b>17,568</b>	<b>28,911</b>	<b>20,954</b>	<b>24,667</b>	<b>48,749</b>	<b>51,357</b>	<b>50,314</b>	<b>35,023</b>
Liabilities								
Current liabilities:								
Accounts and notes payable .....	4,832	3,846	4,714	4,309	21,909	22,641	22,349	12,946
Fixed liabilities:								
Mortgages on fixed assets used in business .....	1,111	1,843	750	1,260	2,329	150	1,021	1,111
Mortgages on fixed assets not used in business .....	535	—	—	—	—	—	—	131
<b>Total fixed liabilities .....</b>	<b>1,646</b>	<b>1,843</b>	<b>750</b>	<b>1,260</b>	<b>2,329</b>	<b>150</b>	<b>1,021</b>	<b>1,242</b>
Other liabilities .....	527	742	1,421	1,104	1,862	292	920	876
<b>Total liabilities .....</b>	<b>7,005</b>	<b>6,431</b>	<b>6,885</b>	<b>6,673</b>	<b>26,100</b>	<b>23,083</b>	<b>24,290</b>	<b>15,064</b>
Net worth: Proprietor's or partners' equity in the business .....	10,563	22,480	14,069	17,994	22,649	28,274	26,024	19,959
<b>Total liabilities and net worth .....</b>	<b>17,568</b>	<b>28,911</b>	<b>20,954</b>	<b>24,667</b>	<b>48,749</b>	<b>51,357</b>	<b>50,314</b>	<b>35,023</b>
Average net sales of dealers reporting .....	37,420	63,032	64,556	63,844	199,478	187,296	192,169	117,893
Number of dealers reporting .....	13	7	8	15	10	15	25	53

**TABLE 5. Independent Fuel Dealers - Owned - Financial Structure of Incorporated Firms by Size and Age of Business, as at December 31, 1954**

Item	Dealers with annual net sales of				Total all sizes \$20,000 and over
	\$50,000- \$99,999	\$100,000 and over			
		Under 10 years	10 years and over	Total	
Assets	(average per store)				
Current assets:					
Cash on hand and in bank .....	6, 165	6, 960	12, 639	10, 093	9, 588
Accounts and notes receivable (net) .....	12, 136	27, 821	36, 629	32, 681	33, 636
Merchandise inventory .....	9, 465	9, 546	19, 749	15, 175	18, 698
Other current assets .....	3, 184	1, 802	4, 880	3, 501	4, 100
Total current assets .....	30, 950	46, 129	73, 897	61, 450	66, 022
Fixed assets (net):					
Used in the business .....	27, 755	15, 817	36, 776	27, 381	28, 448
Not used in the business .....	31, 634	—	2, 455	1, 354	5, 793
Total fixed assets (net) .....	59, 389	15, 817	39, 231	28, 735	34, 241
Other assets:					
Long term investments .....	—	458	1, 469	1, 016	797
Other assets .....	6, 903	3, 531	2, 305	2, 854	3, 078
Total other assets .....	6, 903	3, 989	3, 774	3, 870	3, 875
Total assets .....	97, 242	65, 935	116, 902	94, 055	104, 138
Liabilities					
Current liabilities:					
Accounts and notes payable .....	13, 743	26, 395	42, 036	35, 024	36, 758
Fixed liabilities:					
Mortgages on fixed assets used in business .....	—	1, 398	5, 600	3, 717	4, 258
Mortgages on fixed assets not used in business .....	—	—	—	—	—
Total fixed liabilities .....	—	1, 398	5, 600	3, 717	4, 258
Other liabilities .....	1, 421	10, 565	8, 935	9, 666	7, 507
Total liabilities .....	15, 164	38, 358	56, 571	48, 407	48, 523
Net worth:					
Capital stock .....	46, 053	23, 310	34, 924	29, 717	31, 655
Surplus and undivided profit .....	36, 025	4, 267	25, 407	15, 931	23, 960
Total net worth .....	82, 078	27, 577	60, 331	45, 648	55, 615
Total liabilities and net worth .....	97, 242	65, 935	116, 902	94, 055	104, 138
Average net sales of dealers reporting .....	80, 900	186, 316	293, 821	245, 629	259, 416
Number of dealers reporting .....	7	13	16	29	45



**TABLE 6. Independent Fuel Dealers—Rented—Financial Structure of Incorporated Firms by Size and Age of Business, as at December 31, 1954**

Item	Dealers with annual sales of				
	\$100,000 — \$499,999			\$500,000 and over	Total all sizes \$20,000 and over
	Under 10 years	10 years and over	Total		
	(average per store)				
Assets					
Current assets:					
Cash on hand and in bank .....	1,239	6,388	4,672	23,028	7,985
Accounts and notes receivable (net).....	35,135	34,095	34,441	112,999	45,063
Merchandise inventory .....	8,496	12,769	11,345	83,800	24,720
Other current assets .....	1,150	5,326	3,934	6,988	3,741
<b>Total current assets .....</b>	<b>46,020</b>	<b>58,578</b>	<b>54,392</b>	<b>226,815</b>	<b>81,509</b>
Fixed assets (net):					
Used in the business .....	11,167	18,001	15,723	86,013	28,249
Not used in the business .....	—	814	543	—	494
<b>Total fixed assets (net) .....</b>	<b>11,167</b>	<b>18,815</b>	<b>16,266</b>	<b>86,013</b>	<b>28,743</b>
Other assets:					
Long term investments .....	—	11,761	7,840	2,450	4,849
Other assets .....	5,389	2,314	3,339	12,426	4,977
<b>Total other assets .....</b>	<b>5,389</b>	<b>14,075</b>	<b>11,179</b>	<b>14,876</b>	<b>9,826</b>
<b>Total assets .....</b>	<b>62,576</b>	<b>91,468</b>	<b>81,837</b>	<b>327,704</b>	<b>120,078</b>
Liabilities					
Current liabilities:					
Accounts and notes payable .....	25,251	22,774	23,600	186,544	55,296
Fixed liabilities:					
Mortgages on fixed assets used in business ....	2,223	2,193	2,202	44,067	10,494
Mortgages on fixed assets not used in business .....	—	—	—	—	66
<b>Total fixed liabilities .....</b>	<b>2,223</b>	<b>2,193</b>	<b>2,202</b>	<b>44,067</b>	<b>10,560</b>
Other liabilities .....	8,589	4,098	5,595	1,651	4,359
<b>Total liabilities .....</b>	<b>36,063</b>	<b>29,065</b>	<b>31,397</b>	<b>232,262</b>	<b>70,215</b>
Net worth:					
Capital stock .....	12,728	22,414	19,185	25,564	18,780
Surplus and undivided profit .....	13,785	39,989	31,255	69,878	31,083
<b>Total net worth .....</b>	<b>26,513</b>	<b>62,403</b>	<b>50,440</b>	<b>95,442</b>	<b>49,863</b>
<b>Total liabilities and net worth .....</b>	<b>62,576</b>	<b>91,468</b>	<b>81,837</b>	<b>327,704</b>	<b>120,078</b>
Average net sales of dealers reporting .....	305,058	243,628	264,105	851,926	339,678
Number of dealers reporting .....	7	14	21	8	38









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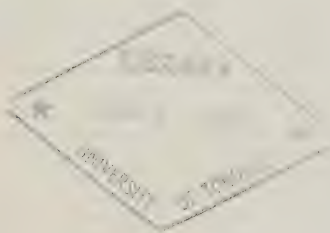
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CANADA

**OPERATING RESULTS AND FINANCIAL STRUCTURE  
INDEPENDENT FUEL DEALERS  
1956**



*Published by Authority of*  
The Honourable Gordon Churchill, Minister of Trade and Commerce

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## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- \*B — Operating Results of Food Wholesalers, 25¢
- \*C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- \*D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
  - 2 Operating Results of Drug Wholesalers, 25¢
  - 3 Operating Results of Hardware Wholesalers, 25¢
  - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
  - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

### Part II — Retail Statistics

- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- \*H — Operating Results of Food Store Chains, 25¢
- \*I — Operating Results of Clothing Store Chains, 25¢
- \*J — 1 Operating Results of Variety Store Chains, 25¢
  - 2 Operating Results of Drug Store Chains, 25¢
  - 3 Operating Results of Furniture Store Chains, 25¢
- K — Operating Results of Independent Food Stores, 25¢
- L — Operating Results of Independent Clothing Stores, 25¢
- M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — 1 Operating Results of Independent General Stores, 25¢
  - 2 Operating Results of Independent Restaurants, 25¢
  - 3 Operating Results of Independent Fuel Dealers, 25¢
  - 4 Operating Results of Independent Drug Stores, 25¢
  - 5 Operating Results of Independent Jewellery Stores, 25¢
  - 6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Credit, 25¢

### Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 10¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

- Biennial reports — not issued for 1956.



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## DEFINITIONS

### Profit and Loss

**Net sales** – the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

**Purchases** – are taken at invoice value less returns and allowances cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

**Cost of goods sold** – determined by adding the beginning inventory to net purchases and deducting the ending inventory.

**Gross profit** – the difference between “cost of goods sold” and “net sales”.

**Operating expenses** – all costs incurred in the year’s operation of a business, except the cost of merchandise. These include:

**Salaries and wages (except delivery)** – payments to employees before deduction of income tax or unemployment insurance. Proprietors’ salaries or withdrawals are included in “net operating profit” in unincorporated store operations.

**Delivery** – includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.), and amount paid for contract delivery.

**Taxes** – business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

**Insurance** – annual proportion of premiums for insurance policies carried to protect the business.

**Rent** – Payments for use of business premises, including rentals of warehouses and garages, etc.

**Heat, light and power** – cost applicable to year’s operations.

**Repairs and maintenance** – costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

**Depreciation allowances** – provision for decrease in the value of fixed store assets.

**Store supplies** – wrapping paper, office supplies, etc.

**Advertising** – displays, window dressing and sales promotion.

**Net bad debt loss** – estimated amount of uncollectable customers’ accounts receivable less the amount recovered from former bad debts.

**Other expenses** – telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

**Net operating profit** – is the difference between “total operating expenses” and “gross profits” and includes proprietors’ salaries and withdrawals before income tax deductions in unincorporated firms.

**Occupancy** – the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

**Non-trading income** – interest earned, revenues from rentals, other activities, carrying charges and investments.

**Non-trading expense** – interest expense, rental expense, any other expenses not pertaining to the business.

## DEFINITIONS

### Balance Sheet

#### Assets

**Cash on hand or in bank** – the amount of cash in the business at the end of the year.

**Net accounts receivable** – all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

**Merchandise inventory** – the cost value of merchandise on hand for resale but does not include store supplies on hand.

**Other current assets** – includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

**Fixed assets (net)** – the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

**Other assets** – investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

#### Liabilities and Net Worth

**Current liabilities** – obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

**Fixed liabilities** – mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

**Other liabilities** – long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred in come.

**Net worth** – Unincorporated business – the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

– Incorporated business – net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.



## DEFINITIONS

### Profit and Loss Statement Ratios

**Stock Turnover** — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

**Gross Profit Ratio** — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

**Operating Expense Ratios** — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

**Net Operating Profit Ratio** — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

### Balance Sheet Ratios

**Current Ratio** —  $\text{Current Assets} \div \text{Current Liabilities}$  — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

**Liquidity Ratio** —  $\text{Current Assets Less Merchandise Inventory} \div \text{Current Liabilities}$  — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

**Working Capital to Net Worth Ratio** — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

**Worth-Debt Ratio** —  $\text{Net Worth} \div \text{Total Liabilities}$  — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

### Interstatement Ratio

**Turnover of Total Capital Employed** —  $\text{Net Sales} \div \text{Total Assets used in the business}$  — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

# OPERATING RESULTS AND FINANCIAL STRUCTURE INDEPENDENT FUEL DEALERS, 1956

## INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard against which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the

result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

Analyses of both profit and loss and balance sheet statements are presented in this report.

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories. This 1956 report, for the first time, shows information on "other income" and "other expense". The segregation of these improves the quality of the ratios for net operating profit in that there is little chance of a "net" of these two items being included in operating profit.

Balance sheet data, which were introduced in 1948, are continued in this 1956 study. This information is presented by sales-size and kind of occupancy groups for dealers with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales, than was possible when all fixed assets of the proprietor were reported as one item.

## INDEPENDENT FUEL DEALERS

The survey of independent fuel dealers covers only establishments selling coal, firewood, oil for household consumption, bottled gas and other fuels. Other lines may be carried such as: lumber, building materials and ice, providing the sale of fuel amounts to at least 50% of total trade.

Separate tabulations were made of unincorporated dealers for both profit and loss ratios and balance data. Reports used in this study numbered 184 (134 owned and 50 rented) in the unincorporated group and 93 (50 owned and 43 rented) in the incorporated class. A slightly smaller number was used for the balance sheet tabulation of unincorporated dealers

due to the fact that dealers in the two lowest sales-sizes were not required to furnish balance sheet information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes", the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size business so that any aggregate of reporting firms would show a ratio biased toward the characteristics

of large dealer operation. The use of weighting gives proper importance to small dealer operations so that the ratios shown in the summary table below more truly represent the trade total.

Both unincorporated and incorporated dealers operated on lower gross profit ratios in 1956 than they did in 1954. Unincorporated dealers had the larger marginal profit decrease of the two. Total

operating expenses showed a decrease for both forms of organization with the greater decline for unincorporated dealers. In both instances the decrease in gross profit was more than offset by a greater decline in total operating expense so that a gain in net operating profit resulted. The 1956 net operating profits for unincorporated and incorporated dealers were 5.43 and 2.38 per cent respectively, compared to 5.41 and 2.00 per cent for 1954.

**TABLE 1. Operating Results of Independent Fuel Dealers, 1954 and 1956 Compared**

Item	Unincorporated		Incorporated	
	1954	1956	1954	1956
	(per cent of net sales)			
<b>Gross profit</b> .....	<b>22.97</b>	<b>21.12</b>	<b>22.35</b>	<b>22.13</b>
Operating expenses:				
Employees' salaries (except delivery) .....	3.61	3.04	6.12	6.96
Occupancy .....	2.48	2.48	2.16	2.18
Delivery .....	8.99	7.81	9.05	7.89
Advertising .....	0.52	0.40	0.62	0.57
All other expenses .....	1.96	1.96	2.40	2.15
<b>Total operating expenses</b> .....	<b>17.56</b>	<b>15.69</b>	<b>20.35</b>	<b>19.75</b>
<b>Net operating profit before deduction of income tax</b> <sup>1</sup> .....	<b>5.41</b>	<b>5.43</b>	<b>2.00</b>	<b>2.38</b>

1. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

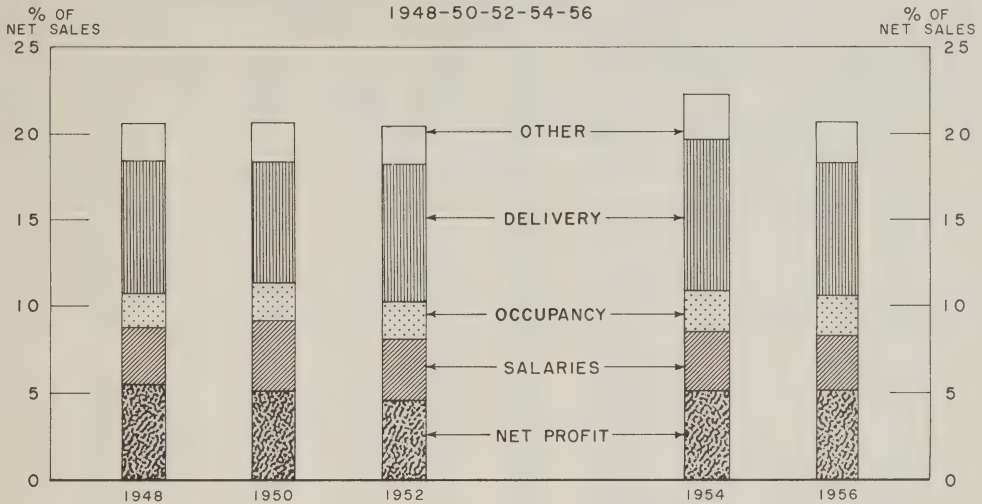
**TABLE 2. Independent Fuel Dealers — Balance Sheet Ratios as at December 31**

Item <sup>1</sup>		Unincorporated		Incorporated	
		Owned	Rented	Owned	Rented
Current Ratio .....	1948	1.93	2.60	1.90	1.94
	1950	2.39	1.97	2.99	1.75
	1952	2.21	2.34	1.96	1.54
	1954	2.24	2.04	1.80	1.47
	1956	2.29	2.53	1.95	1.48
Liquidity Ratio .....	1952	1.55	1.57	1.13	1.01
	1954	1.66	1.68	1.29	1.03
	1956	1.79	1.93	1.46	1.16
Working Capital to Net Worth Ratio .....	1948	0.49	0.70	0.50	0.78
	1950	0.58	0.67	0.51	0.63
	1952	0.53	0.78	0.49	0.49
	1954	0.54	0.67	0.53	0.53
	1956	0.53	0.73	0.67	0.64
Worth Debt Ratio .....	1948	1.69	1.85	1.33	0.97
	1950	1.92	1.33	2.50	1.03
	1952	1.86	1.41	1.59	1.03
	1954	1.72	1.32	1.15	0.71
	1956	1.64	1.69	1.02	0.60
Turnover of Total Capital Employed .....	1952	2.94	3.19	2.89	3.58
	1954	2.70	3.47	2.64	2.84
	1956	2.86	3.36	2.43	3.01

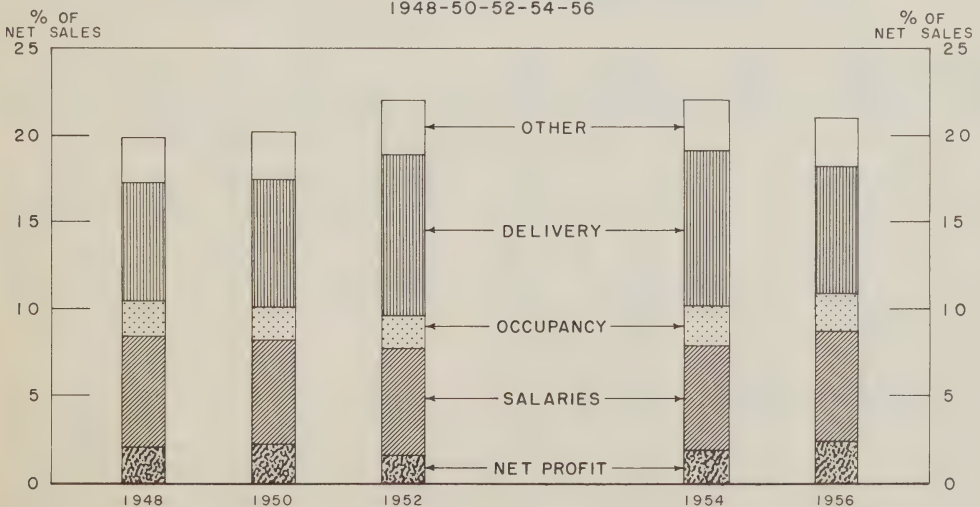
1. Ratio definitions are shown on page 6.



COMPOSITION OF AVERAGE GROSS PROFIT  
INDEPENDENT FUEL DEALERS, UNINCORPORATED  
1948-50-52-54-56



COMPOSITION OF AVERAGE GROSS PROFIT  
INDEPENDENT FUEL DEALERS, INCORPORATED  
1948-50-52-54-56



**TABLE 3. Independent Fuel Dealers — Operating Results of Unincorporated Firms by Sales Volume and Occupancy Basis, 1956**

Item	Owner-dealers with annual net sales of				Lessee-dealers with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Number of dealers reporting .....	11	43	33	44	15	10	20	
Average net sales per dealer .....	\$ 14,770	\$ 35,104	\$ 74,483	\$ 191,489	\$ 39,263	\$ 69,092	\$ 177,614	
Average beginning inventory .....	\$ 1,038	\$ 2,208	\$ 2,910	\$ 6,623	\$ 3,029	\$ 3,906	\$ 7,213	
Average inventory, end of year .....	\$ 1,038	\$ 3,104	\$ 3,444	\$ 7,716	\$ 3,353	\$ 4,612	\$ 8,867	
Average cost of goods sold .....	\$ 10,957	\$ 27,255	\$ 57,668	\$ 152,964	\$ 30,229	\$ 53,377	\$ 143,929	
Stock turnover (times per year) .....	10.56	10.26	18.15	21.34	9.47	12.53	17.90	
Profit and Loss Data (per cent of net sales)								
Gross profit .....	25.81	22.36	22.57	20.11	23.01	22.74	18.96	
Operating expenses:								
Executives' and employees' salaries and wages etc.(except delivery) .....	0.88	2.59	3.32	3.44	2.50	0.77	3.38	
Delivery .....	7.79	7.73	8.19	7.68	9.18	9.26	6.77	
Occupancy expenses:								
Taxes .....	1.02	0.67	0.59	0.41	0.81	0.30	0.18	
Insurance .....	0.68	0.39	0.45	0.33	0.33	0.50	0.20	
Rent .....	0.05	0.11	0.07	0.07	0.78	0.59	0.51	
Heat, light and power .....	0.61	0.29	0.30	0.14	0.36	0.28	0.14	
Repairs and maintenance .....	0.56	0.38	0.64	0.39	0.42	0.22	0.35	
Depreciation allowances .....	0.57	0.80	1.02	0.78	0.78	0.82	0.58	
Total occupancy expenses .....	3.49	2.64	3.07	2.12	3.48	2.71	1.96	
Office and store supplies .....	0.36	0.19	0.28	0.22	0.23	0.33	0.21	
Advertising .....	0.30	0.23	0.43	0.47	0.40	0.27	0.34	
Net loss on bad debts .....	0.37	0.19	0.14	0.27	0.30	0.06	0.40	
All other expenses .....	2.20	1.14	1.55	1.55	1.28	1.53	1.29	
Total operating expenses .....	15.39	14.71	16.98	15.75	17.37	14.93	14.35	
Net operating profit .....	10.42	7.65	5.59	4.36	5.64	7.81	4.61	
Non-trading income .....	2.33	0.98	1.28	0.60	1.10	0.62	0.28	
Non-trading expense .....	0.67	0.04	0.52	0.08	0.23	—	0.05	
Net profit before deduction of proprietors' salaries and income tax .....	12.08	8.59	6.35	4.88	6.51	8.43	4.84	

1. Includes rentals for railroad sidings, yards, garages, warehouses, etc.

**TABLE 4. Independent Fuel Dealers — Owned — Financial Structure of Unincorporated Firms by Size and Age of Business as at December 31, 1956**

Item	Dealers with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per dealer)										
Assets										
Current assets:										
Cash on hand and in bank .....	1,405	4,039	3,094	1,203	4,485	3,562	1,951	4,799	3,958	3,554
Accounts and notes receivable (net) .....	2,991	3,049	3,028	5,941	7,248	6,880	32,515	22,920	25,754	12,795
Merchandise inventory .....	3,375	3,322	3,341	3,915	3,158	3,371	5,985	8,450	7,722	5,026
Other current assets .....	23	1,418	917	491	1,295	1,069	2,318	2,976	2,782	1,673
<b>Total current assets .....</b>	<b>7,794</b>	<b>11,828</b>	<b>10,380</b>	<b>11,550</b>	<b>16,186</b>	<b>14,882</b>	<b>42,769</b>	<b>39,145</b>	<b>40,216</b>	<b>23,048</b>
Fixed assets (net):										
Used in the business .....	4,530	6,533	5,814	12,966	8,743	9,931	16,950	15,255	15,756	10,763
Not used in the business .....	1,513	2,412	2,089	1,260	5,431	4,258	461	892	764	2,186
<b>Total fixed assets (net) .....</b>	<b>6,043</b>	<b>8,945</b>	<b>7,903</b>	<b>14,226</b>	<b>14,174</b>	<b>14,189</b>	<b>17,411</b>	<b>16,147</b>	<b>16,520</b>	<b>12,949</b>
Other assets:										
Long term investments .....	4	1,844	1,183	—	739	532	13,917	2,877	6,139	2,898
Other assets .....	390	62	180	556	383	431	231	389	342	312
<b>Total other assets .....</b>	<b>394</b>	<b>1,906</b>	<b>1,363</b>	<b>556</b>	<b>1,122</b>	<b>963</b>	<b>14,148</b>	<b>3,266</b>	<b>6,481</b>	<b>3,210</b>
<b>Total assets .....</b>	<b>14,231</b>	<b>22,679</b>	<b>19,646</b>	<b>26,332</b>	<b>31,482</b>	<b>30,034</b>	<b>74,328</b>	<b>58,558</b>	<b>63,217</b>	<b>39,207</b>
Liabilities										
Current liabilities:										
Accounts and notes payable .....	2,395	2,893	2,714	7,008	3,586	4,548	24,555	18,934	20,595	10,066
Fixed liabilities:										
Mortgages on fixed assets used in business .....	1,871	228	818	4,051	1,545	2,250	3,054	621	1,340	1,416
Mortgages on fixed assets not used in business ..	871	247	471	—	1,043	750	—	—	—	368
<b>Total fixed liabilities .....</b>	<b>2,742</b>	<b>475</b>	<b>1,289</b>	<b>4,051</b>	<b>2,588</b>	<b>3,000</b>	<b>3,054</b>	<b>621</b>	<b>1,340</b>	<b>1,784</b>
Other liabilities .....	1,920	1,418	1,598	1,571	1,741	1,693	5,220	5,090	5,128	2,975
<b>Total liabilities .....</b>	<b>7,057</b>	<b>4,786</b>	<b>5,601</b>	<b>12,630</b>	<b>7,915</b>	<b>9,241</b>	<b>32,829</b>	<b>24,645</b>	<b>27,063</b>	<b>14,825</b>
Net worth: Proprietor's or partners' equity in the business .....	7,174	17,893	14,045	13,702	23,567	20,793	41,499	33,913	36,154	24,382
<b>Total liabilities and net worth .....</b>	<b>14,231</b>	<b>22,679</b>	<b>19,646</b>	<b>26,332</b>	<b>31,482</b>	<b>30,034</b>	<b>74,328</b>	<b>58,558</b>	<b>63,217</b>	<b>39,207</b>
Average net sales of dealers reporting .....	38,609	33,855	35,562	69,855	75,945	74,233	226,059	176,992	191,489	105,982
Number of dealers reporting .....	14	25	39	9	23	32	13	31	44	115

**TABLE 5. Independent Fuel Dealers — Rented — Financial Structure of Unincorporated Firms by Size and Age of Business as at December 31, 1956**

Item	Dealers with annual net sales of					Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over			
			Under 10 years	10 years and over	Total	
(average per dealer)						
Assets						
Current assets:						
Cash on hand and in bank .....	2,982	4,551	1,975	4,464	3,592	3,580
Accounts and notes receivable (net) .....	3,484	8,685	18,206	25,028	22,640	13,255
Merchandise inventory .....	2,854	4,867	6,779	10,052	8,907	6,017
Other current assets .....	3,693	700	598	2,911	2,102	2,358
<b>Total current assets .....</b>	<b>13,013</b>	<b>18,803</b>	<b>27,558</b>	<b>42,455</b>	<b>37,241</b>	<b>25,210</b>
Fixed assets (net):						
Used in the business .....	3,346	3,644	5,816	9,152	7,985	5,516
Not used in the business .....	301	1,139	2,116	483	1,054	815
<b>Total fixed assets (net) .....</b>	<b>3,647</b>	<b>4,783</b>	<b>7,932</b>	<b>9,635</b>	<b>9,039</b>	<b>6,331</b>
Other assets:						
Long term investments .....	989	1,334	—	2,125	1,382	1,238
Other assets .....	—	182	1,752	245	772	388
<b>Total other assets .....</b>	<b>989</b>	<b>1,516</b>	<b>1,752</b>	<b>2,370</b>	<b>2,154</b>	<b>1,626</b>
<b>Total assets .....</b>	<b>17,649</b>	<b>25,102</b>	<b>37,242</b>	<b>54,460</b>	<b>48,434</b>	<b>33,167</b>
Liabilities						
Current liabilities:						
Accounts and notes payable .....	2,059	5,134	14,583	19,909	18,045	9,954
Fixed liabilities:						
Mortgages on fixed assets used in business .....	—	389	384	99	199	170
Mortgages on fixed assets not used in business .....	—	—	2,010	138	793	361
<b>Total fixed liabilities .....</b>	<b>—</b>	<b>389</b>	<b>2,394</b>	<b>237</b>	<b>992</b>	<b>531</b>
Other liabilities .....	802	1,079	6,834	928	2,995	1,856
<b>Total liabilities .....</b>	<b>2,861</b>	<b>6,602</b>	<b>23,811</b>	<b>21,074</b>	<b>22,032</b>	<b>12,341</b>
Net worth: Proprietor's or partners' equity in the business .....	14,788	18,500	13,431	33,386	26,402	20,826
<b>Total liabilities and net worth .....</b>	<b>17,649</b>	<b>25,102</b>	<b>37,242</b>	<b>54,460</b>	<b>48,434</b>	<b>33,167</b>
Average net sales of dealers reporting .....	39,263	70,940	136,775	199,605	177,614	108,629
Number of dealers reporting .....	15	9	7	13	20	44

**TABLE 6. Independent Fuel Dealers — Operating Results of Incorporated Firms by Sales Volume and Occupancy Basis 1956**

Item	Owner-dealers with annual net sales of			Lessee-dealers with annual net sales of	
	\$50,000- \$99,999	\$100,000- \$299,999	\$300,000 and over	Under \$500,000	\$500,000 and over
Number of dealers reporting .....	10	22	18	27	16
Average net sales per dealer .....	76,109	194,512	615,014	244,203	1,140,326
Average beginning inventory .....	3,156	8,638	45,783	9,604	59,389
Average inventory, end of year .....	3,471	10,297	52,109	11,533	64,963
Average cost of goods sold .....	58,385	150,908	470,180	188,556	930,135
Stock turnover (times per year) .....	17.62	15.94	9.61	17.84	14.96
<b>Profit and Loss Data (per cent of net sales)</b>					
<b>Gross profit .....</b>	<b>23.29</b>	<b>22.42</b>	<b>23.55</b>	<b>22.79</b>	<b>18.43</b>
Operating expenses:					
Executives' and employees' salaries and wages etc. (except delivery) .....	7.20	8.07	7.36	6.78	5.17
Delivery .....	9.50	8.21	8.49	9.40	5.60
Occupancy expenses:					
Taxes .....	0.99	0.46	0.29	0.24	0.26
Insurance .....	0.36	0.33	0.30	0.27	0.23
Rent <sup>1</sup> .....	0.23	0.07	0.16	0.63	0.32
Heat, light and power .....	0.13	0.22	0.10	0.10	0.12
Repairs and maintenance .....	0.53	0.52	0.53	0.25	0.45
Depreciation allowances .....	0.86	0.50	0.81	0.75	0.69
<b>Total occupancy expenses .....</b>	<b>3.10</b>	<b>2.10</b>	<b>2.19</b>	<b>2.24</b>	<b>2.07</b>
Office and store supplies .....	0.23	0.25	0.27	0.32	0.27
Advertising .....	0.37	0.52	0.61	0.83	0.49
Net loss on bad debts .....	0.54	0.32	0.27	0.19	0.33
All other expenses .....	2.59	1.61	1.43	2.06	1.63
<b>Total operating expenses .....</b>	<b>23.53</b>	<b>21.08</b>	<b>20.62</b>	<b>21.82</b>	<b>15.56</b>
<b>Net operating profit .....</b>	<b>0.24<sup>2</sup></b>	<b>1.34</b>	<b>2.93</b>	<b>0.97</b>	<b>2.87</b>
Non-trading income .....	1.87	0.42	0.93	0.82	0.26
Non-trading expense .....	—	0.28	0.24	0.35	0.09
<b>Net profit before provision for income tax .....</b>	<b>1.63</b>	<b>1.48</b>	<b>3.62</b>	<b>1.44</b>	<b>3.04</b>

1. Includes rentals for railroad sidings, yards, garages, warehouses, etc.

2. Net operating loss.



**TABLE 7. Independent Fuel Dealers — Owned — Financial Structure of Incorporated Firms by Size and Age of Business as at December 31, 1956**

Item	Dealers with annual net sales of					Total all sizes \$50,000 and over
	\$50,000-\$99,999	\$100,000-\$299,999			\$300,000 and over	
		Under 10 years	10 years and over	Total		
(average per dealer)						
Assets						
Current assets:						
Cash on hand and in bank .....	5,367	7,306	6,876	7,257	22,523	12,374
Accounts and notes receivable (net) .....	8,236	31,615	26,832	23,824	96,312	49,002
Merchandise inventory .....	4,404	12,241	9,197	10,442	52,140	24,246
Other current assets .....	762	2,193	21,181	13,413	11,321	10,130
<b>Total current assets .....</b>	<b>18,769</b>	<b>53,855</b>	<b>64,146</b>	<b>59,936</b>	<b>182,296</b>	<b>95,752</b>
Fixed assets (net):						
Used in the business .....	15,852	15,488	21,546	19,068	56,667	31,960
Not used in the business .....	22,671	1,797	—	735	1,198	5,289
<b>Total fixed assets (net) .....</b>	<b>38,523</b>	<b>17,285</b>	<b>21,546</b>	<b>19,803</b>	<b>57,865</b>	<b>37,249</b>
Other assets:						
Long term investments .....	3,784	1,489	1,246	1,345	5,988	3,505
Other assets .....	1,015	2,994	2,555	2,735	1,972	2,116
<b>Total other assets .....</b>	<b>4,799</b>	<b>4,483</b>	<b>3,801</b>	<b>4,080</b>	<b>7,960</b>	<b>5,621</b>
<b>Total assets .....</b>	<b>62,091</b>	<b>75,623</b>	<b>89,493</b>	<b>83,819</b>	<b>248,121</b>	<b>138,622</b>
Liabilities						
Current liabilities:						
Accounts and notes payable .....	6,634	26,503	40,957	35,045	89,645	49,018
Fixed liabilities:						
Mortgages on fixed assets used in business .....	—	2,971	1,249	1,953	5,316	2,773
Mortgages on fixed assets not used in business .....	—	—	—	—	—	—
<b>Total fixed liabilities .....</b>	<b>—</b>	<b>2,971</b>	<b>1,249</b>	<b>1,953</b>	<b>5,316</b>	<b>2,773</b>
Other liabilities .....	3,502	6,515	6,933	6,762	36,383	16,774
<b>Total liabilities .....</b>	<b>10,136</b>	<b>35,989</b>	<b>49,139</b>	<b>43,760</b>	<b>131,344</b>	<b>68,565</b>
Net worth:						
Capital stock .....	32,726	29,667	24,037	26,340	44,192	34,044
Surplus and undivided profits .....	19,229	9,967	16,317	13,719	72,585	36,013
<b>Total net worth .....</b>	<b>51,955</b>	<b>39,634</b>	<b>40,354</b>	<b>40,059</b>	<b>116,777</b>	<b>70,057</b>
<b>Total liabilities and net worth .....</b>	<b>62,091</b>	<b>75,623</b>	<b>89,493</b>	<b>83,819</b>	<b>248,121</b>	<b>138,622</b>
Average net sales of dealers reporting .....	76,109	178,595	205,531	194,512	615,014	322,212
Number of dealers reporting .....	10	9	13	22	18	50

**TABLE 8. Independent Fuel Dealers — Rented — Financial Structure of Incorporated Firms by Size and Age of Business as at December 31, 1956**

Item	Dealers with annual net sales of				Total all sizes
	Under \$500,000			\$500,000 and over	
	Under 10 years	10 years and over	Total		
(average per dealer)					
Assets					
Current assets:					
Cash on hand and in bank .....	4,571	5,537	5,250	30,444	14,625
Accounts and notes receivable (net) .....	41,551	28,533	32,391	191,281	91,513
Merchandise inventory .....	15,061	9,823	11,375	65,043	31,344
Other current assets .....	6,028	7,232	6,875	5,084	6,209
<b>Total current assets .....</b>	<b>67,211</b>	<b>51,125</b>	<b>55,891</b>	<b>291,852</b>	<b>143,691</b>
Fixed assets (net):					
Used in the business .....	29,083	13,003	17,768	68,267	36,558
Not used in the business .....	1,517	—	449	398	430
<b>Total fixed assets (net) .....</b>	<b>30,600</b>	<b>13,003</b>	<b>18,217</b>	<b>68,665</b>	<b>36,988</b>
Other assets:					
Long term investments .....	659	9,047	6,562	8,445	7,262
Other assets .....	4,092	4,370	4,288	5,399	4,702
<b>Total other assets .....</b>	<b>4,751</b>	<b>13,417</b>	<b>10,850</b>	<b>13,844</b>	<b>11,964</b>
<b>Total assets .....</b>	<b>102,562</b>	<b>77,545</b>	<b>84,958</b>	<b>374,361</b>	<b>192,643</b>



**TABLE 8. Independent Fuel Dealers - Rented - Financial Structure of Incorporated Firms by Size and Age of Business as at December 31, 1956**

Item	Dealers with annual net sales of				Total all sizes
	Under \$500,000			\$500,000 and over	
	Under 10 years	10 years and over	Total		
	(average per dealer)				
Liabilities					
Current liabilities:					
Accounts and notes payable .....	51,390	28,169	35,050	201,700	97,059
Fixed liabilities:					
Mortgages on fixed assets used in business.....	3,852	144	1,243	2,171	1,588
Mortgages on fixed assets not used in business .....	718	—	212	—	134
Total fixed liabilities .....	4,570	144	1,455	2,171	1,722
Other liabilities .....	13,711	5,123	7,668	44,944	21,538
Total liabilities .....	69,671	33,436	44,173	248,815	120,319
Net worth:					
Capital stock .....	28,163	21,503	23,476	28,316	25,277
Surplus and undivided profits .....	4,728	22,606	17,309	97,230	47,047
Total net worth .....	32,891	44,109	40,785	125,546	72,324
Total liabilities and net worth .....	102,562	77,545	84,958	374,361	192,643
Average net sales of dealers reporting .....	262,230	236,613	244,203	1,140,326	577,644
Number of dealers reporting .....	8	19	27	16	43









CATALOGUE No.

**63-410**

BIENNIAL



**OPERATING RESULTS AND FINANCIAL STRUCTURE  
INDEPENDENT FUEL DEALERS  
1959**

*Published by Authority of*

The Honourable George Hees, Minister of Trade and Commerce

**DOMINION BUREAU OF STATISTICS**

Industry and Merchandising Division

January, 1961  
6542-525

Price 50 cents

## PUBLICATIONS RELATING TO RETAIL TRADE

Catalogue number	Title	Price
(a) Weekly		
63-003	Percentage Change in Department Store Sales .....	per year \$2.00
(b) Monthly		
63-001	Chain Store Sales and Stocks .....	per year 1.00
63-002	Department Store Sales and Stocks.....	per year 1.00
63-004	Percentage Change in Department Store Sales (Preliminary).....	per year 1.00
63-005	Retail Trade.....	per year 3.00
63-007	New Motor Vehicle Sales and Motor Vehicle Financing .....	per year 1.00
61-004	Credit Statistics .....	per year 1.00
(c) Quarterly		
63-006	Retail Credit .....	per year 2.00
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(d) Annual		
63-203	Farm Implement and Equipment Sales .....	.50
63-208	New Motor Vehicle Sales and Motor Vehicle Financing .....	.50
63-209	Retail Trade (including Shopping Centres).....	.50
63-210	Retail Chain Stores.....	.50
63-211	Sales Financing.....	.25
(e) Biennial		
63-401	Operating Results of Chain Clothing Stores .....	.50
63-402	Operating Results of Chain Drug Stores .....	.25
63-403	Operating Results of Chain Food Stores .....	.50
63-404	Operating Results of Chain Furniture Stores .....	.25
63-405	Operating Results of Chain Variety Stores .....	.25
63-406	Operating Results and Financial Structure of Independent Retail Clothing Stores .....	.75
63-407	Operating Results and Financial Structure of Independent Drug Stores .....	.50
63-408	Operating Results and Financial Structure of Filling Stations and Garages .....	.50
63-409	Operating Results and Financial Structure of Independent Food Stores.....	.50
63-410	Operating Results and Financial Structure of Independent Fuel Dealers.....	.50
63-411	Operating Results and Financial Structure of Independent General Stores .....	.50
63-412	Operating Results and Financial Structure of Independent Retail Hardware, Furniture, Appliance, Radio and Television Stores.....	.50
63-413	Operating Results and Financial Structure of Independent Jewellery Stores.....	.50
63-414	Operating Results and Financial Structure of Independent Restaurants.....	.50
63-415	Operating Results and Financial Structure of Independent Tobacco Stores.....	.50

*Other occasional reports and 1951 Census reports on retail trade are shown in a complete list of publications of the Dominion Bureau of Statistics which is available on request from the Information Services Division, D.B.S., or from the Queen's Printer, Ottawa.*

OPERATING RESULTS OF RETAIL ESTABLISHMENTS - 1966

Please make any necessary changes in Name or Address

CONFIDENTIAL

The returns from this inquiry will be used in the preparation of a report which will be published for the general use of the trade, describing average operating results and profits against which the individual firm may compare its own results.

All replies will be treated as strictly confidential. Figures for all firms in the same line of business will be combined and average results only will be shown. Your report will not be used for income tax purposes or divulged to any other government department.

All figures should relate to the calendar year or to the fiscal year conforming most closely to the calendar year. PLEASE ANSWER ALL QUESTIONS.

INSTRUCTIONS

(a) If more than one store was operated in 1966, or if you had subsidiary activities (for example, wholesale business or trucking), please submit a combined report for your entire business.

(b) If this business changed hands, please furnish the following information:

Date business changed hands \_\_\_\_\_

Business name now used \_\_\_\_\_

(c) If this business was not operated by you or someone else during 1966, please check here ☐ and return the form.

DESCRIPTION OF BUSINESS

(1) How many business locations were operated by this firm in Canada during 1966? .....No. ....

If more than one, list them here

.....  
(Name) (Address)  
.....

(2) Were all these business locations retail stores? ..... ☐ Yes ☐ No

(3) Was your business activity during 1966 entirely retail trade? ..... ☐ Yes ☐ No

(4) If the answer was "No" to either of the above, please indicate total business at retail ..... \$ .....

Other business (Sales of goods and receipts from services) ..... \$ .....

Describe the "Other business"  
e.g. motel, wholesale, trucking, etc. ....

(5) Kind of business: (define your business as it is generally known to the public i.e., grocery store, grocery and meat store, meat market, fish market, fruit and vegetable store, confectionery store, general store, men's, women's or family clothing store, shoe store, hardware store, drug store, etc.)

Please give approximate percentage of each main line of goods in your 1966 sales: example - groceries 45%, meat 25%, fruits and vegetables 20%, confectionery 10%.

\_\_\_\_\_ % \_\_\_\_\_ % \_\_\_\_\_ % \_\_\_\_\_ %

(6) Form of organization: ☐ Individual ☐ Partnership ☐ Incorporated ☐ Co-operative

(7) Were business premises: ☐ Mostly owned ☐ Mostly rented

(8) If delivery service is provided to customers, was it: ☐ By contract ☐ By own equipment

B. PROFIT AND LOSS STATEMENT (1966)		Dollars (omit cents)
Merchandising Statement		
1. Net sales and receipts INCLUDE merchandise sales (less allowances), all service receipts and commissions, meals sold or consumed and proprietors' and employees' withdrawals of goods for their own use at retail prices. EXCLUDE direct sales taxes and non-trading revenues, such as dividends, rent, bad debts recovered, etc.		
2. Inventory of merchandise for resale, beginning of year. EXCLUDE store supplies on hand.		
3. Merchandise purchased for resale at invoiced value, less returns, allowances, cash and trade discounts. INCLUDE duty, inward freight, express and truckage. EXCLUDE store supplies shown in item 16.		
4. Total, beginning inventory and merchandise purchased	(item 2 plus item 3)	
5. Inventory of merchandise for resale, end of year. EXCLUDE store supplies on hand.		
6. Cost of merchandise sold	(item 4 minus item 5)	
7. Gross trading profit or margin	(item 1 minus item 6)	
Expense Statement		
8. (a) Salaries, wages, commissions, bonuses, payments for leave as well as payments in kind (estimated value of meals and lodging provided without charge), of all employees including working executives of incorporated companies but EXCLUDING salaries, wages, etc. paid to delivery employees. Report the full amount before payroll deductions. DO NOT include salaries and withdrawals of proprietor or partners of unincorporated businesses. ..		
(b) Salaries, wages, etc. paid to delivery employees .....		
9. Delivery expense for both "own delivery" and "contract delivery", except salaries paid to delivery men. Include truck repairs and maintenance, depreciation, licences and insurance on equipment, and supplies used (gas, oil, etc.) and amount paid for contract delivery, or truck rental if any. Show private car expense, if used in the business (other than delivery) under item 19.		
10. Taxes INCLUDE business, property and water taxes, and licences. EXCLUDE income tax and direct taxes collected by the store for the government; and delivery equipment licences.		
11. Insurance INCLUDE insurance premiums applicable to year, for insurance carried for protection of the business. EXCLUDE insurance for delivery equipment.		
12. Rent		
(a) Business premises .....	\$ .....	
(b) Warehouse, garage, etc. (report truck rental under item 9) .....	\$ .....	
Total (a) and (b)		
13. Heat, light and power used in year.		
14. Repairs and maintenance EXCLUDE capital expenditure and delivery equipment repair and maintenance.		
15. Depreciation allowances INCLUDE write-offs for the year of fixed assets used in the business only, or use rates authorized for income tax purposes. EXCLUDE depreciation of delivery equipment.		
16. Store supplies - Wrapping paper, twine, office supplies, etc.		
17. Advertising		
18. Bad debts, less recovery.		
19. All other expenses INCLUDE telephone, telegraph, postage, bank charges, interest on borrowed money used in the business, legal, audit fees, car expense, etc. EXCLUDE capital expenditure and proprietor's or partners' salaries or withdrawals.		
20. Total operating expenses	(items 8 to 19 incl.)	
21. Net operating profit	(item 7 minus 20)	
22. Non-trading income: rental revenue, financial charges, etc.		
23. Non-trading expense		
24. Net profit before deductions of proprietor's or partners' salaries or withdrawals and before income taxes.		

C. The information given in this schedule is correct and complete to the best of my knowledge

Signature

Official title

Date of report

Period Covered

From ..... To .....



# OPERATING RESULTS AND FINANCIAL STRUCTURE INDEPENDENT FUEL DEALERS

1959

## INTRODUCTION

This report is a continuation of the practice of the Dominion Bureau of Statistics to publish operating results and financial structure for selected trades primarily as a guide for retailers. The averages and ratios that are shown in this report can be used as a standard by which businessmen can compare their own operating experience. The pattern of expense and financial ratios by size and age of business permits direct analysis of operating results for the year. It should be borne in mind, however, that the averages and ratios as published in this report do not represent top performance guides. They are the "average" of a broad range of operational efficiencies.

Independent fuel dealers cover those establishments selling mainly coal, fuel oil and firewood for household consumption. Other lines such as lumber, building materials and ice may be carried providing the sale of fuel amounts to at least 50% of total trade.

Although this report is similar to the previous operating results reports issued for this trade, some slight changes have been made in the presentation and quantity of information in order to increase its value to the user. In table 1, the historical series of major operating ratios is shown for an increased number of years. It is hoped that this change will enable the users to more readily compare the trends in operating with their own experiences during the years. It should be mentioned that the data in Table 1 as well as the "total" column in Table 3 and Table 4 have been weighted in order to arrive at ratios which are representative of the trade as a whole. Weights are assigned to the ratios in each sales-size category in relation to its position in the sales picture as found in the 1951 census. Averages and ratios in the tables not indicated as being weighted represent the actual averages and ratios obtained from the reporting panel of firms in each cell.

**Note:** Profit and loss and balance sheet definitions are shown on page 7 and 8.

TABLE 1. Operating Results of Independent Fuel Dealers, 1952-59

Item	Unincorporated				Incorporated			
	1952	1954	1956	1959	1952	1954	1956	1959
	per cent of net sales							
<b>Gross profit</b> .....	<b>20.94</b>	<b>22.97</b>	<b>21.12</b>	<b>22.44</b>	<b>21.35</b>	<b>22.35</b>	<b>22.13</b>	<b>23.62</b>
Operating expenses:								
Employees' salaries .....	3.62	3.61	3.04	5.38	6.15	6.12	6.96	8.40
Occupancy .....	2.24	2.48	2.48	2.64	1.82	2.16	2.18	2.60
Delivery .....	7.89	8.99	7.81	6.33	8.56	9.05	7.89	6.37
Advertising .....	0.42	0.52	0.40	0.23	0.63	0.62	0.57	0.27
All other expenses .....	1.80	1.96	1.96	2.26	2.35	2.40	2.15	3.02
<b>Total operating expenses</b> .....	<b>15.97</b>	<b>17.56</b>	<b>15.69</b>	<b>16.84</b>	<b>19.51</b>	<b>20.35</b>	<b>19.75</b>	<b>20.66</b>
<b>Net operating profit</b> before income tax and net non-trading income <sup>1</sup> .....	<b>4.97</b>	<b>5.41</b>	<b>5.43</b>	<b>5.60</b>	<b>1.84</b>	<b>2.00</b>	<b>2.38</b>	<b>2.96</b>

<sup>1</sup> Before proprietors' salaries in the case of unincorporated firms.

**Note:** These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent establishments.

TABLE 2. Independent Fuel Dealers - Balance Sheet Ratios as at December 31, 1952-59

Item	Unincorporated				Incorporated			
	1952	1954	1956	1959	1952	1954	1956	1959
Current ratio - Owned .....	2.21	2.24	2.29	2.22	1.96	1.80	1.95	1.73
Rented .....	2.34	2.04	2.53	2.16	1.54	1.47	1.48	1.56
Liquidity ratio - Owned .....	1.55	1.66	1.79	1.85	1.13	1.29	1.46	1.13
Rented .....	1.57	1.68	1.93	1.53	1.01	1.03	1.16	1.40
Working capital to net worth ratio - Owned .....	0.53	0.54	0.53	0.59	0.49	0.53	0.67	0.64
Rented .....	0.78	0.67	0.73	0.79	0.49	0.53	0.64	0.57
Worth debt ratio - Owned .....	1.86	1.72	1.64	1.56	1.59	1.15	1.02	0.99
Rented .....	1.41	1.32	1.69	0.89	1.03	0.71	0.60	0.85
Turnover of total capital employed - Owned ....	2.94	2.70	2.86	2.92	2.89	2.64	2.43	2.10
Rented ....	3.19	3.47	3.36	3.12	3.58	2.84	3.01	3.57

**Note:** See page 7 for definitions.

**TABLE 3. Independent Fuel Dealers—Operating Results of Unincorporated Firms by Annual Sales Volume and Occupancy Basis, 1959**

Item	Owner-dealers with annual net sales of			Lessee-dealers	Total <sup>1</sup>
	\$20,000 - 49,999	\$50,000 - 99,999	\$100,000 and over		
Number of dealers reporting .....	11	21	18	21	76
Average net sales per dealer .....	\$ 33,242	73,069	190,806	84,940	125,585
Average beginning inventory .....	\$ 2,224	4,895	6,608	5,136	5,433
Average inventory, end of year .....	\$ 2,216	4,005	5,868	6,001	5,170
Average cost of goods sold .....	\$ 25,131	55,487	150,777	66,023	98,300
Stock turnover (times per year) .....	11.32	12.47	24.17	11.86	18.54
<b>Profit and loss data</b> (Per cent of net sales)					
<b>Gross profit</b> .....	<b>24.40</b>	<b>24.06</b>	<b>20.98</b>	<b>22.27</b>	<b>22.44</b>
Operating expenses:					
Employees' salaries and wages (except delivery) .....	5.42	5.01	5.87	5.51	5.38
Delivery .....	7.21	6.52	5.89	6.34	6.33
Occupancy expenses:					
Taxes .....	1.10	0.66	0.30	0.33	0.50
Insurance .....	0.69	0.59	0.42	0.31	0.47
Rent .....	—	—	—	0.67	0.15
Light, heat and power .....	0.68	0.28	0.16	0.16	0.25
Repairs and maintenance .....	0.85	0.46	0.43	0.40	0.48
Depreciation allowances .....	0.56	1.22	0.59	0.90	0.78
<b>Total occupancy expenses</b> .....	<b>3.88</b>	<b>3.21</b>	<b>1.90</b>	<b>2.77</b>	<b>2.64</b>
Office and store supplies .....	0.19	0.35	0.16	0.30	0.23
Advertising .....	0.23	0.51	0.46	0.35	0.41
Net loss on bad debts .....	0.17	0.02	0.29	0.34	0.23
All other expenses .....	1.45	1.72	1.43	2.14	1.62
<b>Total operating expenses</b> .....	<b>18.55</b>	<b>17.34</b>	<b>16.00</b>	<b>17.75</b>	<b>16.84</b>
<b>Net operating profit</b> .....	<b>5.85</b>	<b>6.72</b>	<b>4.98</b>	<b>4.52</b>	<b>5.60</b>
Non-trading income .....	0.76	0.66	0.49	0.57	0.69
Non-trading expense .....	—	0.10	—	—	0.07
<b>Net profit before deduction of proprietors' salaries and income tax</b> .....	<b>6.61</b>	<b>7.28</b>	<b>5.47</b>	<b>5.09</b>	<b>6.22</b>

<sup>1</sup> Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent establishments.**TABLE 4. Independent Fuel Dealers—Operating Results of Incorporated Firms by Annual Sales Volume and Occupancy Basis, 1959**

Item	Owner-dealers	Lessee-dealers	Total <sup>1</sup>
Number of dealers reporting .....	18	15	33
Average net sales per dealer .....	\$ 467,301	327,466	521,903
Average beginning inventory .....	\$ 47,194	8,796	42,819
Average inventory, end of year .....	\$ 60,227	7,927	53,764
Average cost of goods sold .....	\$ 347,862	260,284	403,592
Stock turnover (times per year) .....	6.48	31.13	8.36
<b>Profit and loss data</b> (Per cent of net sales)			
<b>Gross profit</b> .....	<b>25.56</b>	<b>20.52</b>	<b>23.62</b>
Operating expenses:			
Executives' and employees' salaries and wages, etc. (except delivery) .....	9.21	6.61	8.40
Delivery .....	7.01	5.10	6.37
Occupancy expenses:			
Taxes .....	0.33	0.31	0.37
Insurance .....	0.48	0.27	0.44
Rent .....	—	0.41	0.15
Heat, light and power .....	0.13	0.10	0.14
Repairs and maintenance .....	0.55	0.14	0.42
Depreciation allowances .....	1.04	0.58	1.08
<b>Total occupancy expenses</b> .....	<b>2.53</b>	<b>1.81</b>	<b>2.60</b>
Office and store supplies .....	0.22	0.39	0.27
Advertising .....	0.45	0.58	0.49
Net loss on bad debts .....	0.29	0.24	0.27
All other expenses .....	2.34	2.02	2.26
<b>Total operating expenses</b> .....	<b>22.08</b>	<b>16.75</b>	<b>20.66</b>
<b>Net operating profit</b> .....	<b>3.48</b>	<b>3.77</b>	<b>2.96</b>
Non-trading income .....	0.94	0.31	0.73
Non-trading expense .....	0.13	0.41	0.20
<b>Net profit before provision for income tax</b> .....	<b>4.29</b>	<b>3.67</b>	<b>3.49</b>

<sup>1</sup> Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent establishments.

**TABLE 5. Independent Fuel Dealers—Financial Structure of Unincorporated Firms by Size of Business as at December 31, 1959**

Item	Owner—dealers				Lessee—dealers all sizes \$20,000 and over
	With annual net sales of			Total all sizes \$20,000 and over	
	\$20,000- 49,999	\$50,000- 99,999	\$100,000 and over		
Assets	average per firm (dollars)				
Current assets:					
Cash on hand and in bank .....	1,846	4,291	5,244	4,077	4,032
Accounts and notes receivable (net) .....	2,559	8,769	32,967	15,630	11,225
Merchandise inventory .....	1,998	3,928	6,078	4,234	6,575
Other current assets .....	1,075	300	3,118	1,428	602
<b>Total current assets .....</b>	<b>7,478</b>	<b>17,288</b>	<b>47,407</b>	<b>25,369</b>	<b>22,434</b>
Fixed assets (net):					
Used in the business .....	5,617	8,742	11,180	8,883	6,789
Not used in the business .....	1,818	976	2,006	1,512	1,963
<b>Total fixed assets (net) .....</b>	<b>7,435</b>	<b>9,718</b>	<b>13,186</b>	<b>10,395</b>	<b>8,752</b>
Other assets:					
Long term investments .....	55	527	843	531	537
Other assets .....	—	4,509	1,059	2,344	530
<b>Total other assets .....</b>	<b>55</b>	<b>5,036</b>	<b>1,902</b>	<b>2,875</b>	<b>1,067</b>
<b>Total assets .....</b>	<b>14,968</b>	<b>32,042</b>	<b>62,495</b>	<b>38,639</b>	<b>32,253</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts and notes payable .....	1,582	6,066	24,742	11,429	10,386
Fixed liabilities:					
Mortgages on fixed assets used in the business .....	322	604	2,511	1,190	234
Mortgages on fixed assets not used in the business .....	455	80	272	227	1,200
<b>Total fixed liabilities .....</b>	<b>777</b>	<b>684</b>	<b>2,783</b>	<b>1,417</b>	<b>1,534</b>
Other liabilities .....	491	2,701	2,774	2,240	5,176
<b>Total liabilities .....</b>	<b>2,850</b>	<b>9,451</b>	<b>30,299</b>	<b>15,086</b>	<b>17,096</b>
Net worth: Proprietor's or partners' equity in the business .....	12,118	22,591	32,196	23,553	15,157
<b>Total liabilities and net worth .....</b>	<b>14,968</b>	<b>32,042</b>	<b>62,495</b>	<b>38,639</b>	<b>32,253</b>
Average net sales of dealers reporting .....	33,242	77,045	192,586	106,692	92,855
Number of dealers reporting .....	11	22	17	50	19

**TABLE 6. Independent Fuel Dealers—Owned—Financial Structure of Incorporated Firms by Size of Business as at December 31, 1959**

Item	Owner—dealers		Lessee—dealers	
	With annual net sales of \$100,000 and over	Total all sizes \$20,000 and over	With annual net sales of \$100,000 and over	Total all sizes \$20,000 and over
Assets	average per firm (dollars)			
Current assets:				
Cash on hand and in bank .....	13,349	12,702	10,744	10,101
Accounts and notes receivable (net) .....	84,390	80,750	57,877	54,123
Merchandise inventory .....	60,962	57,980	8,405	7,927
Other current assets .....	15,469	14,696	4,079	3,807
<b>Total current assets .....</b>	<b>174,170</b>	<b>166,128</b>	<b>81,105</b>	<b>75,958</b>
Fixed assets (net):				
Used in the business .....	46,457	44,487	12,575	11,746
Not used in the business .....	4,297	4,082	—	—
<b>Total fixed assets (net) .....</b>	<b>50,754</b>	<b>48,569</b>	<b>12,575</b>	<b>11,746</b>
Other assets:				
Long term investments .....	5,427	5,156	14,097	13,157
Other assets .....	2,697	2,562	3,575	4,109
<b>Total other assets .....</b>	<b>8,124</b>	<b>7,718</b>	<b>17,672</b>	<b>17,266</b>
<b>Total assets .....</b>	<b>233,048</b>	<b>222,415</b>	<b>111,352</b>	<b>104,970</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts and notes payable .....	100,640	95,760	51,993	48,632
Fixed liabilities:				
Mortgages on fixed assets used in the business .....	2,855	2,712	—	—
Mortgages on fixed assets not used in the business .....	724	688	—	—
<b>Total fixed liabilities .....</b>	<b>3,579</b>	<b>3,400</b>	—	—
Other liabilities .....	13,536	12,859	8,402	8,099
<b>Total liabilities .....</b>	<b>117,755</b>	<b>112,019</b>	<b>60,395</b>	<b>56,731</b>
Net worth: Capital stock .....	38,747	37,097	24,809	23,822
Surplus and undivided profits .....	76,546	73,299	26,148	24,417
<b>Total net worth .....</b>	<b>115,293</b>	<b>110,396</b>	<b>50,957</b>	<b>48,239</b>
<b>Total liabilities and net worth .....</b>	<b>233,048</b>	<b>222,415</b>	<b>111,352</b>	<b>104,970</b>
Average net sales of dealers reporting .....	468,838	446,945	349,240	327,466
Number of dealers reporting .....	19	20	14	15



## DEFINITIONS

## PROFIT AND LOSS

## Items

**Net sales** — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

**Purchases** — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses; duty, inward freight, express and trucking, alterations, etc.

**Cost of goods sold** — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

**Gross profit** — the difference between "cost of goods sold" and "net sales".

**Operating expenses** — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

**Salaries and wages** (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

**Delivery** — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

**Taxes** — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

**Insurance** — annual proportion of premiums for insurance policies carried to protect the business.

**Rent** — payments for use of business premises.

**Heat, light and power** — cost applicable to year's operations.

**Repairs and maintenance** — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

**Store supplies** — wrapping paper, office supplies, etc.

**Advertising** — displays, window dressing and sales promotion.

**Net bad debt loss** — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

**Other expenses** — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

**Net operating profit** — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

**Occupancy** — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

**Non-trading income** — interest earned, revenues from rentals, other activities, carrying charges and investments.

**Non-trading expense** — interest expense, rental expense, any other expenses not pertaining to the business.

## Ratios

**Stock turnover** — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

**Gross profit ratio** — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

**Operating expense ratios** — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

**Net operating profit ratio** — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

## BALANCE SHEET

## Asset Items

**Cash on hand or in bank** — the amount of cash in the business at the end of the year.

**Net accounts receivable** — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

**Merchandise inventory** — the cost value of merchandise on hand for resale but does not include store supplies on hand.

**Other current assets** — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

**Fixed assets (net)** — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

**Other assets** — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

### Liabilities and Net Worth Items

**Current liabilities** — obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

**Fixed liabilities** — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

**Other liabilities** — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

**Net worth** — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

### Ratios

**Current ratio** —  $\text{Current Assets} \div \text{Current Liabilities}$  — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to

examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

**Liquidity ratio** —  $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$  — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

**Working capital to net worth ratio** — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

**Worth-debt ratio** —  $\text{Net Worth} \div \text{Total Liabilities}$  — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

### Interstatement Ratio

**Turnover of total capital employed** —  $\text{Net Sales} \div \text{Total Assets}$  used in the business — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

CATALOGUE No.

63-410

TRIENNIAL



FUEL DEALERS  
(Independent)  
OPERATING RESULTS  
1965

The last issue of this report, formerly known as Operating Results and Financial Structure of Independent Fuel Dealers, was for 1959. Previously Biennial, it is now Triennial.

Published by Authority of  
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# FUEL DEALERS

(Independent)

## OPERATING RESULTS

1965

### INTRODUCTION

This is the first time data on the operating results of fuel oil dealers and fuel dealers (other than oil) are presented separately. Previous surveys, four of which were conducted between 1952 and 1959, showed combined results for these two trades. The data from the previous surveys are recorded in Table 1.

During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

It is the intention to survey the trades reported on by the present bulletin every three years.

The figures in this report are published primarily as a guide for retailers. The averages and ratios that are shown can be used as a standard against which business men can compare their own operating experience. Data are provided for various types and sizes of operations. However, it is well to keep in mind that the averages and ratios published here do not represent the ideal situation to be aimed for. They are merely the observed results of a range of operational efficiencies. Where averages and ratios are given for a number of size categories or a number of types of operation, a weighting procedure has been applied to such data. These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores. Data on financial structure are not collected.

Definitions are given at the end of this publication.

**TABLE 1. Operating Results of Independent Fuel Dealers, 1952-59**

Item	Unincorporated				Incorporated			
	1952	1954	1956	1959	1952	1954	1956	1959
	per cent of net sales							
<b>Gross profit .....</b>	<b>20.94</b>	<b>22.97</b>	<b>21.12</b>	<b>22.44</b>	<b>21.35</b>	<b>22.35</b>	<b>22.13</b>	<b>23.62</b>
Operating expenses:								
Employees' salaries .....	3.62	3.61	3.04	5.38	6.15	6.12	6.96	8.40
Occupancy .....	2.24	2.48	2.48	2.64	1.82	2.16	2.18	2.60
Delivery .....	7.89	8.99	7.81	6.33	8.56	9.05	7.89	6.37
Advertising .....	0.42	0.52	0.40	0.23	0.63	0.62	0.57	0.27
All other expenses .....	1.80	1.96	1.96	2.26	2.35	2.40	2.15	3.02
<b>Total operating expenses .....</b>	<b>15.97</b>	<b>17.56</b>	<b>15.69</b>	<b>16.84</b>	<b>19.51</b>	<b>20.35</b>	<b>19.75</b>	<b>20.66</b>
<b>Net operating profit before income tax and net non-trading income<sup>1</sup> .....</b>	<b>4.97</b>	<b>5.41</b>	<b>5.43</b>	<b>5.60</b>	<b>1.84</b>	<b>2.00</b>	<b>2.38</b>	<b>2.96</b>

<sup>1</sup> Before proprietors' salaries in the case of unincorporated firms.

**Note:** These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent establishments.

### FUEL OIL DEALERS

Businesses included in this classification are retail dealers selling mainly oil for household consumption. Coal, wood, bottled gas and ice may also be sold in minor quantities. This classification included truck consignee agents.

Financial data of eight unincorporated businesses and 21 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 22.82 per cent of net sales in 1965. It is of some interest to note that the gross profit as a percentage of net sales for fuel oil dealers revealed by the 1961 Census of Merchandising was 25.5 per cent. Gross profit ranged from 19.6 per cent for Saskatchewan to 27.6 per cent for Manitoba. The Census statistics pertain to all dealers of this kind, independent as well as chain, and incorporated companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated dealers, excluding the pay for delivery employees, were 1.80 per cent. Delivery expenses (including salaries and wages) were 8.79 per cent. Occupancy expenses reached 3.20 per cent

and total operating expenses amounted to 16.79 per cent. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 6.03 per cent. Taking account of non-trading income, net profit was 6.42 per cent of net sales in 1965.

In the incorporated sector of the trade, for all 21 companies that reported, the gross profit was 24.11 per cent in 1965. Salaries and wages, excluding the pay for delivery employees, were 6.99 per cent, delivery expense was 5.78 per cent, occupancy expenses 2.18 per cent, office and store supplies 0.20 per cent and all other expenses were 6.13 per cent, making total operating expenses 21.28 per cent. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 2.83 per cent. Taking account of non-trading income and expense, net profit was 3.47 per cent of net sales. In the detailed tables there is a distinction made between companies with owned and with rented premises.

TABLE 2. Fuel Oil Dealers, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1965

Item	Owned stores with annual net sales of			Total
	\$30,000	\$99,999	\$100,000-199,999	
Number of businesses reporting .....	5		121,670	8
Average net sales per business .....	59,449		121,670	92,888
Average beginning inventory .....	1,288		3,746	2,609
Average inventory, end of year .....	1,514		3,848	2,768
Average cost of goods sold .....	44,950		95,542	72,139
Stock turnover (times per year) .....	32.08		25.16	28.36
<b>Profit and loss data</b> (Per cent of net sales)				
Gross profit .....	24.39		21.47	22.82
Operating expenses:				
Employees' salaries and wages (except delivery) .....	1.21		2.30	1.80
Delivery expenses (including salaries and wages) .....	9.39		8.29	8.79
Occupancy expenses:				
Taxes .....	1.06		0.43	0.72
Insurance .....	0.88		0.48	0.67
Rent .....	0.73		0.31	0.50
Heat, light and power .....	0.63		0.31	0.46
Repairs and maintenance .....	1.17		0.58	0.85
Depreciation allowances .....				
Total occupancy expenses .....	4.47		2.11	3.20
Office and store supplies .....	0.22		0.81	0.54
Advertising .....	0.49		0.26	0.37
Net loss on bad debts .....	0.05		0.32	0.19
All other expenses .....	2.29		1.56	1.90
Total operating expenses .....	18.11		15.65	16.79
Net operating profit .....	6.28		5.82	6.03
Non-trading income .....	0.56		0.24	0.39
Non-trading expense .....	—		—	—
Net profit before deduction of proprietors' salaries, withdrawals and income tax .....	6.84		6.06	6.42

TABLE 3. Fuel Oil Dealers, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1965

Item	Owned stores with annual net sales of \$200,000 and over	Rented stores with annual net sales of				Total	Total owned and rented
		\$50,000	\$199,999	\$200,000-499,999	\$500,000 and over		
Number of businesses reporting .....	5	4	6	6	16	21	
Average net sales per business .....	1,284,012	109,667	321,216	3,465,549	355,993	1,147,110	
Average beginning inventory .....	40,169	2,493	10,186	72,824	9,228	35,605	
Average inventory, end of year .....	52,396	1,664	1,059	85,963	7,102	45,714	
Average cost of goods sold .....	974,842	75,981	249,242	2,489,459	269,727	870,823	
Stock turnover (times per year) .....	20.61	36.54	28.91	31.35	32.98	22.43	
<b>Profit and loss data</b> (Per cent of net sales)							
Gross profit .....	24.08	30.72	22.41	28.17	24.31	24.11	
Operating expenses:							
Employees' salaries and wages (except delivery)....	6.84	15.54	6.34	9.67	7.84	6.99	
Delivery expenses (including salaries and wages)	5.74	6.49	6.02	8.44	6.02	5.78	
Occupancy expenses:							
Taxes .....	0.55	0.26	0.13	0.41	0.19	0.50	
Insurance .....	0.18	0.90	0.22	0.08	0.35	0.20	
Rent .....	—	0.95	0.80	—	0.81	—	
Heat, light and power .....	0.16	0.18	0.15	0.16	0.18	0.16	
Repairs and maintenance .....	0.22	0.63	0.52	0.45	0.48	0.26	
Depreciation allowances .....	0.94	0.46	0.94	0.89	0.91	0.94	
Total occupancy expenses .....	2.05	3.38	2.76	2.81	2.92	2.18	
Office and store supplies .....	0.16	0.08	0.12	0.70	0.45	0.20	
Advertising .....	0.50	0.58	0.61	0.52	0.59	0.51	
Net loss on bad debts .....	0.20	0.15	0.62	1.34	0.51	0.25	
All other expenses .....	5.87	2.13	2.57	2.63	2.51	5.37	
Total operating expenses .....	21.36	28.35	19.04	26.11	20.84	21.28	
Net operating profit .....	2.72	2.37	3.37	2.06	3.47	2.83	
Non-trading income .....	1.89	0.09	0.24	1.14	0.77	1.72	
Non-trading expense .....	1.24	—	0.04	0.09	0.16	1.08	
Net profit before allowances for income tax .....	3.37	2.46	3.57	3.11	4.08	3.47	

**FUEL DEALERS (OTHER THAN OIL)**

Businesses included in this classification are retail dealers selling mainly coal, fire wood, bottled gas or other fuels (except oil). Lumber and building materials and ice often form additional lines. Businesses selling these additional lines are classified as coal and wood yards, providing the sale of fuel amounts to at least 50 per cent.

Financial data of 5 unincorporated businesses and 8 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 27.05 per cent of net sales in 1965. It is of some interest to note that the gross profit as a percentage of net sales for fuel dealers (other than oil), revealed by the 1961 Census of Merchandising was 31.9 per cent. Gross profit ranged from 28.9 per cent for Ontario to 39.2 per cent for New Brunswick. The Census statistics pertain to all dealers of this kind, independent as well as chain, and incorporated companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated fuel dealers (other than oil) were 4.16 per cent. Delivery expense

amounted to 6.72 per cent. Occupancy expenses reached 3.52 per cent of net sales and total operating expenses amounted to 22.31 per cent. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax, was 4.74 per cent. Taking account of net non-trading income, net profit was 7.00 per cent of net sales in 1965.

In the incorporated sector of the trade, for all 8 companies reported, the gross profit was 47.09 per cent. Salaries and wages for incorporated independent fuel dealers (other than oil), excluding the pay for delivery employees, were 10.61 per cent. Delivery expense was 11.54 per cent. Occupancy expenses were 8.18 per cent, other operating expenses amounted to 8.94 per cent, making total operating expenses 39.27 per cent. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 7.82 per cent. Taking account of non-trading income, net profit amounted to 7.92 per cent of net sales. In the detailed tables, there is a distinction made between fuel dealers (other than oil) with owned and with rented premises.

**TABLE 4. Fuel Dealers (Other than Oil), Independent, Operating Results by Annual Sales Volume (Unincorporated Businesses) 1965**

Item	Total owned and rented
Number of businesses reporting .....	5
Average net sales per business .....	53,327
Average beginning inventory .....	3,323
Average inventory, end of year .....	3,127
Average cost of goods sold .....	40,176
Stock turnover (times per year) .....	12.05
<b>Profit and loss data</b> (Per cent of net sales)	
<b>Gross profit</b> .....	<b>27.05</b>
Operating expenses:	
Employees' salaries and wages (except delivery) .....	4.16
Delivery expenses (including salaries and wages) .....	6.72
Occupancy expenses:	
Taxes .....	0.84
Insurance .....	0.53
Rent .....	0.32
Heat, light and power .....	0.60
Repairs and maintenance .....	0.36
Depreciation allowances .....	0.87
<b>Total occupancy expenses</b> .....	<b>3.52</b>
Office and store supplies .....	0.11
Advertising .....	0.28
Net loss on bad debts .....	0.39
All other expenses .....	7.13
<b>Total operating expenses</b> .....	<b>22.31</b>
<b>Net operating profit</b> .....	<b>4.74</b>
Non-trading income .....	2.26
Non-trading expense .....	-
<b>Net profit before deduction of proprietors' salaries, withdrawals and income tax</b> .....	<b>7.00</b>



**TABLE 5. Fuel Dealers (Other than Oil), Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies) 1965**

Item	Owned stores with annual net sales of \$100,000 - \$199,999	Rented stores with annual net sales of \$100,000 - \$199,999	Total owned and rented
Number of businesses reporting .....	3	5	8
Average net sales per business .....	135,990	116,506	122,165
Average beginning inventory .....	8,207	11,458	10,514
Average inventory, end of year .....	8,386	14,145	12,472
Average cost of goods sold .....	72,888	92,887	87,078
Stock turnover (times per year) .....	8.79	7.26	7.70
<b>Profit and loss data</b> (Per cent of net sales)			
<b>Gross profit</b> .....	<b>46.40</b>	<b>47.37</b>	<b>47.09</b>
Operating expenses:			
Employees' salaries and wages (except delivery) ....	13.79	9.31	10.61
Delivery expenses (including salaries and wages)	13.68	10.66	11.54
Occupancy expenses:			
Taxes .....	0.98	0.53	0.66
Insurance .....	0.74	1.16	1.04
Rent .....	—	2.34	1.66
Heat, light and power .....	0.35	0.24	0.27
Repairs and maintenance .....	0.64	1.16	1.01
Depreciation allowances .....	1.04	4.56	3.54
<b>Total occupancy expenses</b> .....	<b>3.75</b>	<b>9.99</b>	<b>8.18</b>
Office and store supplies .....	0.62	0.60	0.61
Advertising .....	0.78	0.78	0.78
Net loss on bad debts .....	6.02	0.83	2.34
All other expenses .....	3.91	5.75	5.21
<b>Total operating expenses</b> .....	<b>42.55</b>	<b>37.92</b>	<b>39.27</b>
<b>Net operating profit</b> .....	<b>3.85</b>	<b>9.45</b>	<b>7.82</b>
Non-trading income .....	0.30	0.01	0.10
Non-trading expense .....	—	—	—
<b>Net profit before allowances for income tax</b> .....	<b>4.15</b>	<b>9.46</b>	<b>7.92</b>

## DEFINITIONS

### Profit and Loss

**Net sales** — the dollar volume of business done.

Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn for personal use are included.

**Purchases** — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, and transportation costs from warehouse to stores.

**Cost of goods sold** — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

**Gross profit** — the difference between "cost of goods sold" and "net sales".

**Operating expenses** — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

**Salaries and wages, commissions and bonuses (except delivery)** — payments to employees before deduction of income tax or unemployment insurance, etc. Included are salaries paid to executives of incorporated firms. Proprietors' salaries or withdrawals are included in "net operating profit" for unincorporated store operations.

**Employees' benefits** — contributions made towards employees' pensions, unemployment insurance, hospitalization and other staff benefits. (Excludes employees' own contributions.)

**Occupancy** — the cost of maintaining and occupying a place of business and includes property taxes, insurance, heat, light and power, repairs and maintenance, depreciation, mortgage interest on owned real estate and rental expense on rented premises.

**Taxes and licences** — excluding property taxes.

**Insurance** — premiums for insurance policies carried to protect the business, covering furniture and fixtures and inventories but excluding real estate insurance and insurance on delivery equipment.

**Repairs and maintenance** — costs incurred to keep fixtures and equipment operating efficiently. (Excludes capital expenditure and delivery.)

**Depreciation** — allowances on fixtures and equipment (except delivery).

**Supplies** — wrapping paper, twine, store and office supplies, etc.

**Advertising** — displays, window dressing and sales promotion.

**Travelling** — all travelling expense including buying.

**Communication** — telephone, telegraph and postage.

**Delivery** — salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.), all other costs from stores to customers including amounts paid for contract delivery.

**Bad debt loss** — amount written off or reserve provided for during the current year.

**All other operating expenses** — bank charges, legal, auditing and collection fees, etc.

**Non-trading income** — interest earned, net revenues from rentals, financial charges, delivery charges made to customers and bad debts recovered, revenues from investments and other non-trading activities.

**Non-trading expense** — interest expense and any other expenses not pertaining to the business.







E.M. 3/83



